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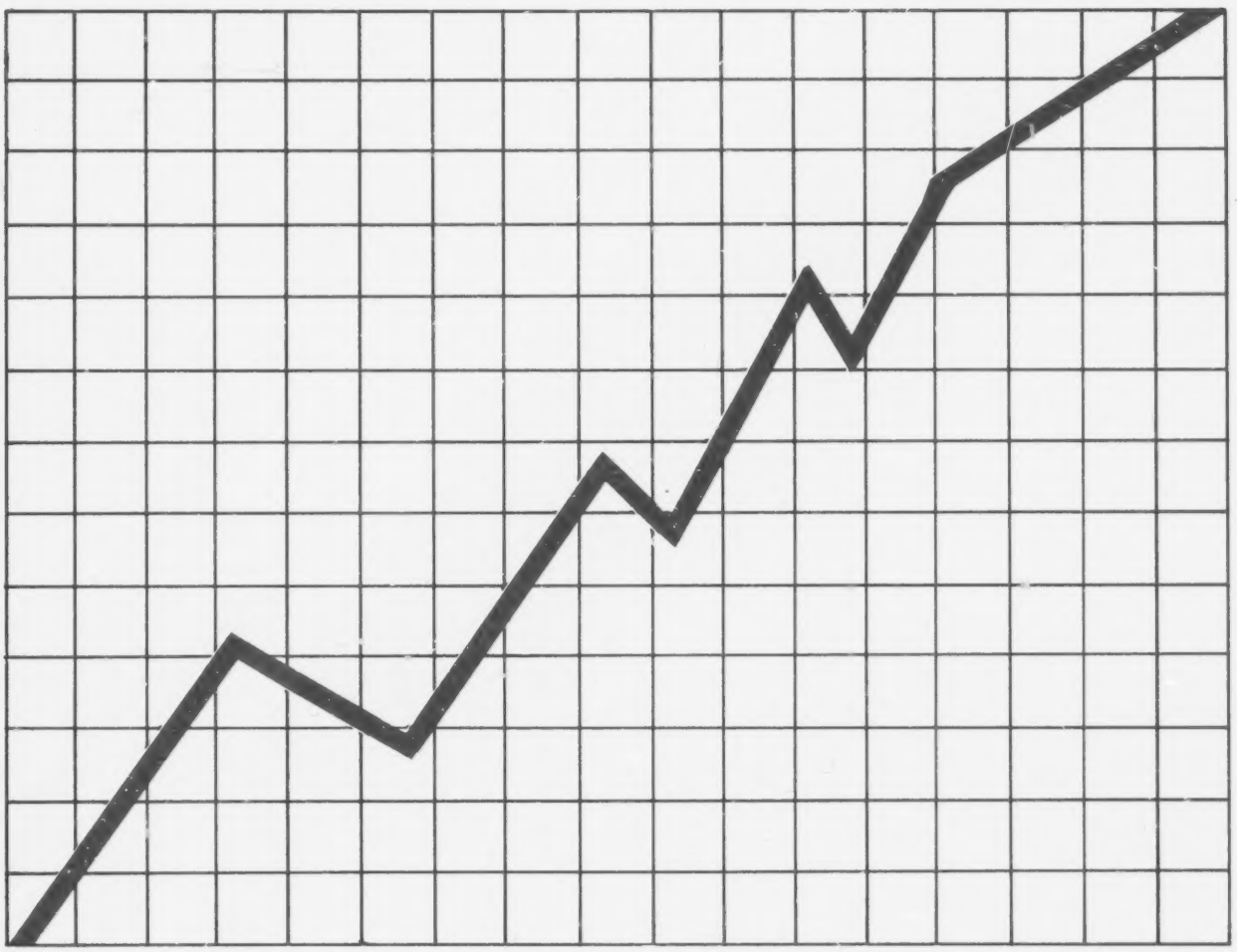
1984
The Bottom Line

For Retail Home Centers



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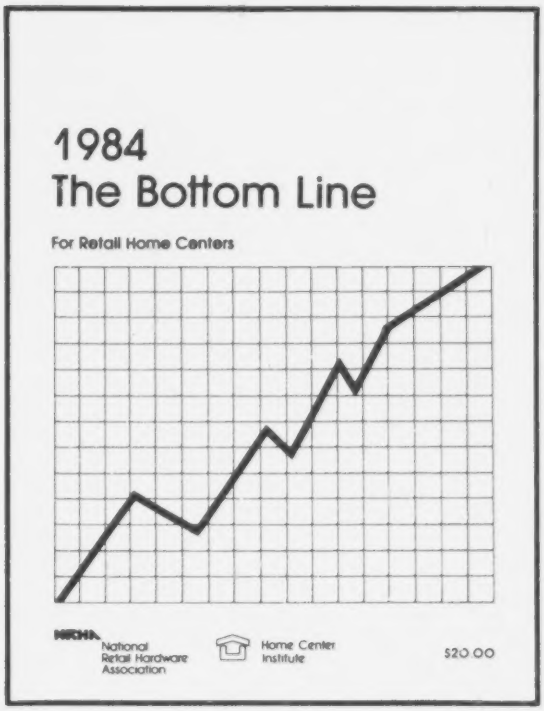

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Introduction

Bottom Line

The 1984 Bottom Line presents financial operating data for the home center industry. A home center, as defined by NRHA's Home Center Institute, is a retail outlet which carries the basic hardlines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials. Home Center operations are geared to generate sales in excess of $1 million at maturity. The Bottom Line is designed to fulfill several objectives; to assess the financial performance of the home center industry in 1983; to provide comparative financial data so that retailers can measure their performance against other industry members; to provide a frame of reference for profit planning enabling home center retailers to continually improve performance levels. Additionally the Report provides an excellent means for manufacturers, wholesalers and other interested parties to gain a better understanding of the industry.

Four Major Line Sections

The Bottom Line report is divided into four major sections, Average Operating Results, Strategic Profit Model, Departmental Sales, and New Store Data. All results are presented as averages, computed by adding all data for a given item and then dividing by the total number of entries.

Average Operating Results includes data on sales, operating expenses, profits and financial performance. Income statement items are presented as a percentage of net sales and balance sheet items as a percentage of total assets.

The **Strategic Profit Model** combines the principal elements of a firm's operating statement and balance sheet into a single profit planning equation, evaluating operating performance on return on net worth.

In **Departmental Sales,** information is presented on the percent of stores handling major departments found in retail home center stores. The percent of net sales, sales floor, inventory and cost of goods sold are outlined both for handling firms only and for an average store profile. Departmental productivity is compared by calculating the gross margin return on inventory investment for each department.

In **New Store Data,** information on the required planning phases for new store development is presented.

Type of Store

Many factors influence a home center's cost of doing business. Therefore, Report data are shown in different ways in order that individual operators may make meaningful comparisons. Information contained in Average Operating Results is presented for the following store types:

—High and Low Profit
—Sales Volume Size
—Sales Floor Size
—Type of Origin
—Trade Area Size
—Store Location: Part I
—Store Location: Part II
—Store Orientation
—Number of Stores

Methodology

The Bottom Line is made possible only through the cooperation of the retail home center men and women who provided us with detailed information on their operation. Confidential mail questionnaires were sent to home center operators the end of February. One hundred sixty-three usable returns were received by June 15, 1984 in time for inclusion in this year's report.

All dealer survey forms were edited for completeness by NRHA's Research Services Department Staff. Forms were coded for computer processing and **all individual firm identification removed.** The data was keypunched by a service bureau and then processed by our own data processing department.

As thanks for their contributive efforts, each home center operator who submitted detailed financial information was provided a personalized computer analysis. This customized analysis compared each contributor's results with averages of all other stores in the same sales volume, sales floor and store location categories, as well as with the averages for the entire sample.

One Of A Series

The National Retail Hardware Association publishes detailed Financial Operating Reports for three types of hardlines retailers. Studies which are available in addition to the The Bottom Line are the Management Report for retail hardware stores and the Lumber/Building Materials Financial Report for consumer-oriented outlets. Each segment of the concentrated hardgoods market is provided with its own cost-of-doing business comparison manual.

For Assistance

Assistance and aid in interpreting the 1984 Bottom Line Report may be obtained from your regional Hardware Association.

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Highlights

1983 average net sales per store of $2,792,676 shows an increase over 1982 of 5.96 percent as reported by contributing home center operators. Gross margin is up this year due to a decrease in cost of goods sold. Payroll, occupancy and other costs of doing business in general were down from 1982 indicating dealers took a conservative approach to operating expenditures. The desired effect was realized however, with an increase in net profit before taxes of 4.38 percent from 2.60 percent in 1982.

Type of Home Center	Net Sales $	Sales Increase Over 1982* %	Margin %	Net Profit On Sales %	Net Profit On Investment %	Stock Turns x
All Home Centers	2,792,676	+ 5.96	31.53	4.38	17.49	3.89
Low Profit	2,249,090	-28.41	28.18	(1.24)	(4.78)	3.78
High Profit	4,514,137	+21.91	34.68	8.27	27.12	3.65
Sales Volume Size						
Under $1,000,000	740,676	+ 6.12	32.71	2.77	9.87	2.46
$1,000,000 to $2,999,999	1,755,942	-20.10	30.60	2.84	12.38	3.72
$3,000,000 to $4,999,999	3,748,986	+18.44	28.68	4.02	21.71	4.94
Sales $5,000,000 or More	6,971,064	+27.78	33.89	5.99	19.67	3.73
Sales Floor Size						
Under 10,000 Sq. Ft.	1,556,686	+10.42	30.74	2.78	12.20	3.99
10,000 to 19,999 Sq. Ft.	2,433,645	- 9.14	28.92	2.37	11.35	4.06
20,000 Sq. Ft. or More	4,696,134	+21.46	33.81	6.73	22.89	3.72
Type of Origin						
Originally Hardware	4,526,493	+19.04	35.58	7.56	23.96	3.39
Originally Lumber/Building Material	2,541,503	+23.32	28.10	1.39	6.44	4.47
Organized as Home Center	2,484,049	-35.27	29.60	4.49	21.12	4.43
Trade Area Size						
S.M.S.A. Central City	4,555,331	- 8.91	36.00	7.09	24.31	3.58
S.M.S.A. Suburban	3,460,625	+30.95	28.44	1.33	5.78	4.43
Cities 10,000 to 50,000	1,968,004	+11.50	30.23	1.90	9.40	3.88
Rural Areas Under 10,000	2,106,694	+15.83	28.28	4.25	17.65	4.01
Store Location: Part I						
Downtown	1,799,284	+17.62	31.22	3.36	14.33	3.42
Suburban	3,319,646	+ 2.23	32.34	4.59	18.01	3.98
Rural	2,335,245	+18.95	26.51	4.42	18.75	4.25
Store Location: Part II						
Shopping Centers	1,883,090	+19.88	35.57	3.48	17.82	3.86
Free-Standing— No Stores Adjacent	2,493,327	-11.91	27.83	2.51	9.74	4.37
Free-Standing— Stores Nearby	3,293,162	+19.32	33.28	5.66	22.52	3.66

*As reported to us by contributing dealers.

Monthly Sales

Industry average percent of sales by month shown below indicate a drop in the percentage of sales realized in the first quarter of 1983 as compared to 1982. June experienced a 1.2 percent increase over last year. All other months remained close to the same as those reported in 1982.

	%
January	5.7
February	5.4
March	6.7
April	8.0
May	9.3
June	10.1
July	9.4
August	9.3
September	9.0
October	9.1
November	8.6
December	9.4

Average Operating Results

Income Statement Data

The Income Statement presents in a single format revenue derived from the sale of merchandise, and expenses incurred to produce these sales. All Financial Report Income Statement data are presented as a percent of Net Sales, computed by dividing each item by the Net Sales.

Net Sales Volume — The dollar amount of cash sales plus credit sales less total deductions.

Total Deductions — Goods returned, discounts allowed, sales taxes and other taxes paid to secure licenses.

Cost of Goods Sold — Inventory First of the Year plus Purchases plus Freight In plus Shop Labor (Non-Employee) minus Inventory End of the Year equals Cost of Goods Sold.

Margin Before Rebate or Dividend — The difference between Net Sales and the Cost of Goods Sold.

Margin After Rebate or Dividend — Net Sales minus the Cost of Goods Sold plus any Purchase Rebate or Patronage Dividend received by the dealer.

Salaries — Owners, Officers, Managers — The compensation including bonuses paid to owners, officers and store managers who work in the business.

Salaries/Wages — Other Employees — The compensation, wages and bonuses paid to all other employees.

Federal and State Payroll Taxes — Federal and State Withholding, Unemployment Compensation and FICA Taxes.

Group Insurance — All premiums paid to insure employees for health and accident protection.

Benefit Plans — The employers' share of cost for employee welfare/ benefit plans — life insurance, retirement, education, etc.

Heat, Light, Power and Water — All utility expenses incurred in the operation of the business.

Building Repairs and Maintenance — All charges for incidental repairs which keep the building in ordinarily efficient operating condition.

Leasing Expenses (Non-Occupancy) — All costs involved in leasing furniture, fixtures, machinery and office equipment, delivery equipment, etc.

Office Supplies and Postage — The cost of all materials used for the firm's accounting records.

Rent or Ownership in Real Estate — Rent is the amount paid for properties used in the business. Ownership includes current year taxes, insurance, depreciation and interest on mortgages on land and buildings used in the business.

Advertising and Promotion — Newspapers, circulars, calendars, radio and television spots, dealer's share of cooperative advertising and materials used in sales events.

Donations — All gifts given from the business operation to charity.

Telephone and Telegraph — For expenses incurred in the operation of the business.

Bad Debts — Uncollectable debts.

Delivery Expenses (Other than Wages) — All expenses incurred in the operation of delivery equipment; gas, tires, etc.

Insurance — Premiums paid to insure all assets against fire, theft, etc.

Taxes — All taxes on stock, fixtures, delivery equipment, etc.

Depreciation — All depreciation on furniture, fixtures, machinery and office equipment, delivery equipment, etc.

Credit Card Expense — Bank charges for processing credit card sales.

Interest — The amount of interest paid on borrowed money for all types of notes, loans.

Store and Shop Supplies — The costs of all supplies used in the operation of the store.

Legal and Accounting — The cost incurred for auditing, inventory count, collectors and legal consultation.

Computer Services — Any fees for outside computer services, plus all costs (excluding payroll) for establishing and maintaining a system in-house.

Dues and Subscriptions — Fees for memberships and subscriptions, and expenses for employee training.

Travel, Buying, Entertainment — All expenses incurred in business trips and the entertainment of guests.

Miscellaneous Services — All fees for services such as laundry, garbage disposal, snow removal, etc.

Unclassified — All expenses not classified under other headings.

Net Operating Profit — Return on sales before Other Income and Income Taxes, when expressed as a percent of Net Sales, indicates the percent return on each dollar of sales.

Other Income — Cash discounts earned, cash over or short, interest dividends, finance charges, commissions, tax allowances and rental and sundry income.

Net Profit (Before Income Tax) — The net return from the operation of the business.

Balance Sheet

The balance sheet is a statement of financial position at a given point in time; the Report presents year-ending balance sheets. The balance sheet equation is expressed as Assets equal Liabilities plus Net Worth.

Current Assets — Cash; notes receivable in the current year; accounts receivable (less reserve for doubtful accounts); merchandise inventories and other assets with a defined short-term life of one year — all prepaid expenses.

Investments — Assets with a long-term life such as stocks and bonds or real estate which is not needed to operate the business.

Fixed Assets — Assets with a long-term life which are needed to carry out a firm's normal business activities. The Financial Report includes only tangible assets at book value less accumulated depreciation. Included in addition to land, buildings and leasehold improvements are delivery equipment, machinery and office equipment, furniture, fixtures, etc.

Current Liabilities — All debts which are due within one year — accounts payable, current portion of notes payable, accrued payroll and other taxes, insurance, interest, etc.

Long-Term Liabilities — All debts, mortgages, and loans which mature or are due more than one year from the date of the balance sheet, deferred income taxes.

Net Worth — Total assets minus current and long-term liabilities equals net worth or the owner's equity in the business.

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Financial Ratios
The financial position of a firm is determined from a review of its financial statements — the income statement and the balance sheet. The analysis of the financial performance of a firm views the interaction of the two financial statements through the measurement of proportions within the structure of the two statements. These proportions are tested by ratio analysis.

Profit On Investment
—Computed by dividing Net Profit Before Taxes by Net Worth; expressed as a percentage.
—Measures the return on the owner's invested capital and is the modern criterion for profitability. Today's hardware retailers should program their operations to achieve a rate of Return-On-Investment of at least 15% after taxes.

Active Owner's Return
—Computed by adding Owner's Salary to Net Profit Before Taxes and then dividing by Net Worth; expressed as a percentage.
—Measures the total return to owners and is applicable to proprietorships, partnerships and small corporations. This ratio allows comparison between operators with different philosophies regarding salaries and profits.

Current Asset Ratio
—Computed by dividing Total Current Assets by Total Current Liabilities; expressed in "times".
—Measures the ability to pay short-term Debts with Assets that may be converted to cash within a period of time corresponding to the maturity of the claims. The traditionally accepted minimum is 2 to 1 or 2.0 times.

Quick Asset Ratio
—Computed by dividing Current Assets minus Inventory by Current Liabilities; expressed in "times".
—Measures the ability to pay Current Debts from Current Assets without relying on the sale of inventory. The traditionally accepted minimum is 1.0 times.

Total Debt To Tangible Net Worth
—The Leverage Ratio, computed by dividing Total Liabilities by Tangible Net Worth; expressed as a percentage.
—Measures the owner's investment in comparison to financing provided by creditors and gives an indication of a firm's ability to acquire more debt.

Stock Turn Times
—Computed by dividing Cost of Goods Sold by Average Inventory at Cost (Beginning Inventory plus Year-end Inventory divided by two); expressed in "times".
—Measures the actual physical turnover of the inventory. A low rate of inventory turnover indicates the likelihood that a portion of the book value of the inventory includes obsolete or unusable items. A high ratio indicates efficiency in buying and inventory control; however too high a ratio may indicate the loss of potential sales due to inadquate stocking. Retail hardware store operators should achieve three turns or more per year.

Sales to Inventory
—Computed by dividing Net Sales by Average Inventory; expressed in "times".
—Measures merchandising efficiency and supplements the Stock Turn ratio in determining whether proper inventory control is achieved through scheduled and balanced buying.

Average Inventory Per Sq. Ft. of Sales Area
—Computed by dividing Average Inventory by Square Feet of Sales Area; expressed in dollar value of inventory at cost.
—A rough measure of merchandising efficiency.

Net Sales to Accounts Receivable
—Computed by dividing Net Sales by Accounts Receivable; expressed in "times".
—Measures the sales tied up in accounts receivable. This ratio is the most meaningful when compared to previous years' ratios, due to individual dealer policies of granting their own credit.

Net Sales to Total Assets
—Computed by dividing Net Sales by Total Assets; expressed in "times".
—Measures the use of all Assets to produce Sales. A high ratio may indicate over-trading on assets. A low ratio may indicate excessive investment resulting in idle capacity.

Net Sales to Net Worth
—Computed by dividing Net Sales by Tangible Net Worth; expressed in "times".
—Measures the extent to which sales are supported by invested capital.

Net Sales to Working Capital
—Computed by dividing Net Sales by Working Capital (Current Assets minus Current Liabilities); expressed in "times".
—Measures the demand on working capital to support the sales volume. A high ratio may limit the firm's ability to meet day to day debts.

Sales Per Sq. Ft. — Selling Area
—Computed by dividing Net Sales by Square Feet of Sales Area; expressed in retail sales dollars.
—Measures sales productivity.

Sales Per Sq. Ft. — Total Area
—Computed by dividing Net Sales by Square Feet of Total Area including warehouse and outside storage area; expressed in retail sales dollars.
—Measures sales productivity and indicates the amount of sales generated by each square foot of the total facility.

Sales Per Person Employed
—Computed by dividing Net Sales by the Total Number of Employees; expressed in retail sales dollars.
—Measures the efficiency of personnel in producing sales and is the most useful when compared to past performance.

Sales Per Customer
—Computed by dividing Net Sales by the Total Number of Customer Transactions; expressed in retail sales dollars.
—Measures the average sale per transaction. This ratio gives an indication of the store personnel's ability to make add-on sales.

All Home Centers

Income Statement Data	All Home Centers	Low Profit Centers	High Profit Centers
Number of Stores	163	41	41
Net Sales Volume	$2,792,676	$2,249,090	$4,514,157
Current Year's Sales vs. Previous Year*	+5.96%	-28.41%	+21.91%
Gross Sales	102.08%	101.88%	102.76%
Less: Total Deductions	2.08	1.88	2.76
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	68.80	72.23	65.44
Margin Before Purchase Rebate or Patronage Dividend	31.20	27.77	34.56
Purchase Rebate or Patronage Dividend	.33	.41	.12
Margin After Purchase Rebate or Patronage Dividend	31.53	28.18	34.68
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	2.45	2.99	1.73
Salaries/Wages — Other Employees	12.28	12.56	12.96
Federal and State Payroll Taxes	1.21	1.10	1.42
Group Insurance	.65	.87	.73
Benefit Plans	.41	.38	.17
Total Payroll and Other Employee Expense	17.00	17.90	17.01
Occupancy Expense			
Heat, Light, Power, Water	.72	.81	.70
Building Repairs and Maintenance	.31	.32	.17
Rent or Ownership in Real Estate**	2.48	2.61	2.24
Total Occupancy Expense	3.51	3.74	3.11
Other Costs of Doing Business			
Office Supplies and Postage	.52	.53	.65
Advertising and Promotion	1.96	1.96	2.01
Donations	.05	.04	.04
Telephone and Telegraph	.29	.39	.26
Bad Debts	.41	.55	.36
Credit Card Expense (Bank Charges)	.20	.07	.36
Delivery Expenses (Other than Wages)	.60	.85	.45
Leasing Expenses (Non-Occupancy)	.15	.12	—
Insurance (Other than Real Estate and Group)	.41	.50	.33
Taxes (Other than Real Estate and Payroll)	.25	.42	.23
Interest (Other than Real Estate)	.61	.91	.07
Depreciation (Other than Real Estate)	.79	.96	.90
Store and Shop Supplies	.25	.41	.14
Legal and Accounting	.25	.24	.21
Computer Services and Expenses (Other than Wages)	.17	.21	.20
Dues and Subscriptions	.05	.07	.02
Travel, Buying, Entertainment	.19	.16	.19
Miscellaneous Services (Laundry, Disposal, Etc.)	.08	.11	.02
Unclassified Expenses	.94	.75	1.40
Total Other Costs of Doing Business	8.17	9.25	7.84
Total Operating Expenses	28.68	30.89	27.96
Operating Profit or Loss	2.85	(2.71)	6.72
Other Income	1.53	1.47	1.55
Net Operating Profit or Loss (Before Income Taxes)	4.38	(1.24)	8.27

*As reported to us by Bottom Line contributors.
**Ownership in Real Estate includes Taxes, Insurance and Depreciation on Land and Buildings and Interest on Mortgages.

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All Home Centers

Balance Sheet Data	All Home Centers	Low Profit Centers	High Profit Centers
Total Dollar Assets	$1,165,674	$1,001,194	$1,944,175
		% of Total Assets	
Assets			
Cash On Hand and In Bank	4.51	3.80	3.31
Notes and Installment Contracts Receivable	2.03	2.35	2.26
Accounts Receivable	15.26	18.54	11.15
Merchandise Inventory (End of Year)	44.15	42.20	44.54
Other Current Assets	2.05	4.24	1.06
Total Current Assets	68.00	71.13	62.32
Stocks and Bonds	2.69	3.00	.81
Real Estate (Not Used In Business)	.54	.37	.04
Other Investments	1.98	3.59	.47
Total Investments	5.21	6.96	1.32
Land (Owned and Used In Business)	4.53	2.94	7.16
Buildings (Owned and Used In Business Less Depreciation)	9.27	8.10	12.06
Leasehold Improvements (Less Amortization Allowance)	4.07	3.54	6.00
Furniture, Fixtures, Equipment (Owned and Used in Business Less Depreciation)	6.48	3.19	10.24
Delivery Equipment (Owned and Used in Business Less Depreciation)	1.46	2.71	.49
Other Fixed Assets	.98	1.43	.41
Total Fixed Assets	26.79	21.91	36.36
Total Assets	100.00%	100.00%	100.00%
Liabilities and Net Worth			
Accounts Payable	13.35	11.31	13.74
Current Portion of Notes Payable	5.76	7.12	.60
Accrued Payroll Taxes	.67	.11	1.11
Accrued Other Taxes	2.36	.85	4.00
Other Accrued Expenses	4.00	2.00	5.64
Other Current Liabilities	1.28	.64	.85
Total Current Liabilities	27.42	22.03	25.94
Notes Due Partners/Officers	2.94	3.61	.66
Mortgage Payable	3.14	5.64	.26
Long Term Debt	5.72	10.08	1.44
Other Long Term Liabilities	.75	.37	.89
Total Long Term Liabilities	12.55	19.70	3.25
Total Liabilities	39.97	41.73	29.19
Net Worth	60.03	58.27	70.81
Total Liabilities and Net Worth	100.00%	100.00%	100.00%
Financial Performance			
Profit on Investment	17.49%	(4.78%)	27.12%
Active Owner's Return	27.26%	6.74%	32.79%
Current Asset Ratio	2.48x	3.23x	2.40x
Quick Asset Ratio	.87x	1.31x	.69x
Total Debt to Tangible Net Worth	66.60%	71.64%	41.26%
Stock Turn Times	3.89x	3.78x	3.65x
Sales to Inventory Ratio	5.65x	5.23x	5.57x
Average Inventory per Sq. Ft. Sales Area	$50.25	$43.62	$107.81
Net Sales to Accounts Receivable	15.70x	12.12x	20.82x
Net Sales to Total Assets	2.40x	2.25x	2.32x
Net Sales to Net Worth	3.99x	3.86x	3.28x
Net Sales to Net Working Capital	5.90x	4.58x	6.38x
Other Operating Data			
Incoming Freight — % of Purchases	.38%	.31%	.58%
Credit Sales — % of Total Gross Sales	44.55%	53.30%	36.41%
Consumer Sales — % of Total Gross Sales	67.13%	66.13%	73.44%
Inventory - % Stored in Central Warehouse	34.53%	14.33%	38.37%
Selling Area — Square Feet	19,428	13,485	33,503
Sales Per Square Foot — Selling Area	$143.74	$166.78	$134.74
Total Area — Square Feet	31,898	22,205	36,845
Sales Per Square Foot — Total Area	$87.55	$101.29	$122.52
Sales Per Person Employed	$87,988	$81,821	$84,301
Sales Per Customer	$18.18	$19.56	$16.44

Sales Volume Size

Income Statement Data	Sales Under $1,000,000	$1,000,000 To $2,999,999	$3,000,000 To $4,999,999	Sales $5,000,000 Or More
Number of Stores	26	81	30	26
Net Sales Volume	$740,676	$1,755,942	$3,748,986	$6,971,064
Current Year's Sales vs. Previous Year*	+6.12%	- 20.10%	+18.44%	+27.78%
Gross Sales	102.69%	102.66%	101.05%	102.20%
Less: Total Deductions	2.69	2.66	1.05	2.20
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	68.28	70.04	71.59	66.15
Margin Before Purchase Rebate or Patronage Dividend	31.72	29.96	28.41	33.85
Purchase Rebate or Patronage Dividend	.99	.64	.27	.04
Margin After Purchase Rebate or Patronage Dividend	32.71	30.60	28.68	33.89
Payroll and Other Employee Expense				
Salaries — Owners, Officers, Managers	5.32	3.69	2.18	1.33
Salaries/Wages — Other Employees	10.35	10.89	11.64	14.05
Federal and State Payroll Taxes	1.14	1.06	.90	1.52
Group Insurance	.51	.63	.31	.90
Benefit Plans	.10	.41	.63	.30
Total Payroll and Other Employee Expense	17.42	16.68	15.66	18.10
Occupancy Expense				
Heat, Light, Power, Water	1.16	.79	.65	.65
Building Repairs and Maintenance	.30	.46	.39	.15
Rent or Ownership in Real Estate**	3.38	2.98	2.09	2.21
Total Occupancy Expense	4.84	4.23	3.13	3.01
Other Costs of Doing Business				
Office Supplies and Postage	.33	.37	.37	.76
Advertising and Promotion	2.00	1.99	1.81	2.01
Donations	.08	.05	.04	.05
Telephone and Telegraph	.38	.29	.22	.33
Bad Debts	.21	.50	.30	.41
Credit Card Expense (Bank Charges)	.09	.12	.11	.33
Delivery Expenses (Other Than Wages)	.96	.61	.68	.50
Leasing Expenses (Non-Occupancy)	.12	.17	.26	.08
Insurance (Other Than Real Estate and Group)	.91	.56	.58	.13
Taxes (Other Than Real Estate and Payroll)	.54	.39	.16	.17
Interest (Other Than Real Estate)	1.38	1.09	.71	.08
Depreciation (Other than Real Estate)	.84	.78	.71	.85
Store and Shop Supplies	.30	.30	.39	.13
Legal and Accounting	.52	.29	.22	.20
Computer Services and Expenses (Other than Wages)	.06	.11	.06	.30
Dues and Subscriptions	.08	.08	.04	.02
Travel, Buying, Entertainment	.20	.19	.17	.19
Miscellaneous Services (Laundry, Disposal, etc.)	.06	.10	.13	.02
Unclassified Expenses	.39	.75	.54	1.39
Total Other Costs of Doing Business	9.45	8.74	7.50	7.95
Total Operating Expenses	31.71	29.65	26.29	29.06
Operating Profit or Loss	1.00	.95	2.39	4.83
Other Income	1.77	1.89	1.63	1.16
Net Operating Profit or Loss (Before Income Taxes)	2.77	2.84	4.02	5.99

*As reported to us by Bottom Line contributors.

**Ownership in Real Estate includes Taxes, Insurance and Depreciation on Land and Buildings and Interest on Mortgages.

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Sales Volume Size

Balance Sheet Data	Sales Under $1,000,000	$1,000,000 To $2,999,999	$3,000,000 To $4,999,999	Sales $5,000,000 Or More
Total Dollar Assets	$404,311	$781,037	$1,300,725	$2,969,497
		% of Total Assets		
Assets				
Cash On Hand and In Bank	7.09	6.52	5.70	1.90
Notes and Installments Contracts Receivable	2.06	2.80	4.34	.23
Accounts Receivable	11.23	15.95	18.92	13.38
Merchandise Inventory (End of Year)	51.54	43.15	42.13	45.01
Other Current Assets	1.67	3.88	2.82	.22
Total Current Assets	73.59	72.30	73.91	60.74
Stocks and Bonds	4.76	4.58	3.38	.51
Real Estate (Not Used in Business)	1.22	.89	.73	.06
Other Investments	1.99	3.39	2.59	.51
Total Investments	7.97	8.86	6.70	1.08
Land (Owned and Used in Business)	1.95	1.27	2.17	8.74
Buildings (Owned and Used in Business Less Depreciation)	8.66	6.40	6.10	13.32
Leasehold Improvements (Less Amortization Allowance)	.49	2.87	1.20	6.98
Furniture, Fixtures, Equipment (Owned and Used in Business Less Depreciation)	2.90	4.88	7.51	7.75
Delivery Equipment (Owned and Used in Bus. Less Depr.)	1.34	1.77	1.21	1.35
Other Fixed Assets	3.10	1.65	1.20	.04
Total Fixed Assets	18.44	18.84	19.39	38.18
Total Assets	100.00%	100.00%	100.00%	100.00%
Liabilities And Net Worth				
Accounts Payable	11.99	12.47	13.80	14.02
Current Portion of Notes Payable	8.92	6.97	10.19	2.10
Accrued Payroll Taxes	.32	.49	.28	1.06
Accrued Other Taxes	1.13	1.44	1.44	3.75
Other Accrued Expenses	.82	2.88	4.85	4.91
Other Current Liabilities	1.08	1.96	1.64	.56
Total Current Liabilities	24.26	26.21	32.20	26.40
Notes Due Partners/Officers	6.03	5.99	1.70	.65
Mortgage Payable	10.87	4.65	4.83	—
Long Term Debt	7.25	10.25	7.75	.79
Other Long Term Liabilities	.01	1.26	.22	.71
Total Long Term Liabilities	24.16	22.15	14.50	2.15
Total Liabilities	48.42	48.36	46.70	28.55
Net Worth	51.58	51.64	53.30	71.45
Total Liabilities And Net Worth	100.00%	100.00%	100.00%	100.00%
Financial Performance				
Profit on Investment	9.87%	12.38%	21.71%	19.67%
Active Owner's Return	28.78%	28.45%	33.50%	24.05%
Current Asset Ratio	3.03x	2.76x	2.29x	2.30x
Quick Asset Ratio	.91x	1.11x	.99x	.60x
Total Debt to Tangible Net Worth	93.89%	93.66%	87.70%	39.94%
Stock Turn Times	2.46x	3.72x	4.94x	3.73x
Sales to Inventory Ratio	3.60x	5.31x	6.90x	5.64x
Average Inventory per Sq. Ft. Sales Area	$21.33	$28.58	$46.58	$303.40
Net Sales to Accounts Receivable	16.31x	14.09x	15.23x	17.55x
Net Sales to Total Assets	1.83x	2.25x	2.88x	2.35x
Net Sales to Net Worth	3.55x	4.35x	5.41x	3.29x
Net Sales to Net Working Capital	3.71x	4.88x	6.91x	6.84x
Other Operating Data				
Incoming Freight — % of Purchases	.94%	.29%	.13%	.55%
Credit Sales — % of Total Gross Sales	32.37%	44.96%	47.59%	44.02%
Consumer Sales — % of Total Gross Sales	75.83%	68.67%	56.62%	66.81%
Inventory - % Stored in Central Warehouse	28.33%	55.25%	49.50%	30.43%
Selling Area — Square Feet	10,562	15,207	32,528	26,492
Sales Per Square Foot — Selling Area	$70.13	$115.47	$115.25	$263.14
Total Area — Square Feet	15,840	29,288	44,663	38,486
Sales Per Square Foot — Total Area	$46.76	$59.95	$83.94	$181.13
Sales Per Person Employed	$67,334	$82,285	$110,372	$84,223
Sales Per Customer	$7.30	$18.87	$31.46	$16.09

Sales Floor Size

Income Statement Data	Sales Area Under 10,000 Sq. Ft.	10,000 Sq. Ft. To 19,999 Sq. Ft.	Sales Area 20,000 Sq. Ft. Or More
Number of Stores	37	77	43
Net Sales Volume	$1,556,686	$2,433,645	$4,696,134
Current Year's Sales vs. Previous Year*	+10.42%	-9.14%	+21.46%
Gross Sales	102.87%	101.54%	102.44%
Less: Total Deductions	2.87	1.54	2.44
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	69.69	71.51	66.36
Margin Before Purchase Rebate or Patronage Dividend	30.31	28.49	33.64
Purchase Rebate or Patronage Dividend	.43	.43	.17
Margin After Purchase Rebate or Patronage Dividend	30.74	28.92	33.81
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	3.32	2.82	1.79
Salaries/Wages — Other Employees	11.80	11.36	12.99
Federal and State Payroll Taxes	1.19	.92	1.47
Group Insurance	.46	.62	.76
Benefit Plans	.81	.53	.19
Total Payroll and Other Employee Expense	17.58	16.25	17.20
Occupancy Expense			
Heat, Light, Power, Water	.73	.66	.75
Building Repairs and Maintenance	.30	.44	.19
Rent or Ownership in Real Estate**	2.83	2.46	2.38
Total Occupancy Expense	3.86	3.56	3.32
Other Costs of Doing Business			
Office Supplies and Postage	.46	.41	.63
Advertising and Promotion	1.46	1.84	2.19
Donations	.09	.05	.04
Telephone and Telegraph	.29	.32	.26
Bad Debts	.33	.60	.25
Credit Card Expense (Bank Charges)	.09	.09	.34
Delivery Expenses (Other Than Wages)	.64	.72	.47
Leasing Expenses (Non-Occupancy)	.02	.29	.08
Insurance (Other Than Real Estate and Group)	.60	.43	.30
Taxes (Other Than Real Estate and Payroll)	.33	.32	.18
Interest (Other Than Real Estate)	1.26	.85	.19
Depreciation (Other than Real Estate)	.72	.74	.87
Store and Shop Supplies	.41	.33	.15
Legal and Accounting	.31	.26	.20
Computer Services and Expenses (Other than Wages)	.11	.14	.22
Dues and Subscriptions	.07	.06	.03
Travel, Buying, Entertainment	.18	.16	.20
Miscellaneous Services (Laundry, Disposal, etc.)	.10	.09	.05
Unclassified Expenses	.38	.59	1.45
Total Other Costs of Doing Business	7.85	8.29	8.10
Total Operating Expenses	29.29	28.10	28.62
Operating Profit or Loss	1.45	.82	5.19
Other Income	1.33	1.55	1.54
Net Operating Profit or Loss (Before Income Taxes)	2.78	2.37	6.73

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Sales Floor Size

Balance Sheet Data	Sales Area Under 10,000 Sq. Ft.	10,000 Sq. Ft. To 19,999 Sq. Ft.	Sales Area 20,000 Sq. Ft. Or More
Total Dollar Assets	$698,018	$931,477	$2,052,613
		% of Total Assets	
Assets			
Cash and Equivalent	5.33	6.59	2.45
Notes and Contracts Receivable	1.50	1.99	2.32
Accounts Receivable	17.76	19.13	11.34
Merchandise Inventory (End of Year)	40.75	46.52	43.54
Other Current Assets	4.19	2.28	1.19
Total Current Assets	69.53	76.51	60.84
Stocks and Bonds	2.90	3.77	1.66
Real Estate (Not Used in Business)	.35	1.02	.08
Other Investments	4.64	1.38	1.65
Total Investments	7.89	6.17	3.39
Land (Owned and Used in Business)	1.93	2.75	6.87
Buildings (Owned and Used in Bus. Less Depre.)	7.23	6.02	12.42
Leasehold Improvements (Less Amortization Allowance)	5.52	1.57	5.78
Furniture, Fixtures, Equipment (Owned and Used in Business Less Depreciation)	4.73	3.53	9.58
Delivery Equipment (Owned and Used in Bus. Less Depr.)	2.31	1.97	.82
Other Fixed Assets	.86	1.48	.30
Total Fixed Assets	22.58	17.32	35.77
Total Assets	100.00%	100.00%	100.00%
Liabilities And Net Worth			
Accounts Payable	13.76	12.18	14.04
Current Portion of Notes Payable	4.86	9.63	2.75
Accrued Payroll Taxes	.42	.40	.95
Accrued Other Taxes	1.59	1.50	3.37
Other Accrued Expenses	1.59	3.70	5.07
Other Current Liabilities	2.40	1.36	.94
Total Current Liabilities	24.62	28.77	27.12
Notes Due Partners/Officers	4.67	5.30	.52
Mortgage Payable	6.24	3.74	1.25
Long Term Debt	13.07	6.80	2.96
Other Long Term Liabilities	.63	.71	.87
Total Long Term Liabilities	24.61	16.55	5.60
Total Liabilities	49.23	45.32	32.72
Net Worth	50.77	54.68	67.28
Total Liabilities And Net Worth	100.00%	100.00%	100.00%
Financial Performance			
Profit on Investment	12.20%	11.35%	22.39%
Active Owner's Return	26.78%	24.81%	28.99%
Current Asset Ratio	2.82x	2.66x	2.24x
Quick Asset Ratio	1.17x	1.04x	.64x
Total Debt to Tangible Net Worth	97.00%	82.83%	48.64%
Stock Turn Times	3.99x	4.06x	3.72x
Sales to Inventory Ratio	5.72x	5.68x	5.60x
Average Inventory per Sq. Ft. Sales Area	$37.68	$44.91	$63.21
Net Sales to Accounts Receivable	12.55x	13.66x	20.18x
Net Sales to Total Assets	2.23x	2.61x	2.29x
Net Sales to Net Worth	4.39x	4.78x	3.40x
Net Sales to Net Working Capital	4.97x	5.47x	6.78x
Other Operating Data			
Incoming Freight — % of Purchases	.52%	.13%	.59%
Credit Sales — % of Total Gross Sales	42.70%	56.63%	37.97%
Consumer Sales — % of Total Gross Sales	71.76%	64.65%	67.07%
Inventory — % Stored in Warehouse	39.33%	34.14%	33.16%
Selling Area — Square Feet	8,736	13,350	40,484
Sales Per Square Foot — Selling Area	$178.19	$182.30	$116.00
Total Area — Square Feet	19,280	26,570	52,618
Sales Per Square Foot — Total Area	$80.74	$91.59	$89.25
Sales Per Person Employed	$93,063	$95,183	$82,731
Sales Per Customer	$19.43	$19.69	$17.78

Type of Origin

Income Statement Data	Originally Hardware Store	Originally Lumber/ Building Materials	Organized As A Home Center
Number of Stores	36	56	26
Net Sales Volume	$4,526,493	$2,541,503	$2,484,049
Current Year's Sales vs. Previous Year*	+19.04%	+23.32	-35.27%
Gross Sales	103.04%	101.25%	101.86%
Less: Total Deductions	3.04	1.25	1.86
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	64.64	72.26	70.75
Margin Before Purchase Rebate or Patronage Dividend	35.36	27.74	29.25
Purchase Rebate or Patronage Dividend	.22	.36	.35
Margin After Purchase Rebate or Patronage Dividend	35.58	28.10	29.60
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	1.78	2.62	2.73
Salaries/Wages — Other Employees	13.56	11.37	11.59
Federal and State Payroll Taxes	1.52	1.04	.97
Group Insurance	.84	.64	.31
Benefit Plans	.11	.49	.62
Total Payroll and Other Employee Expense	17.81	16.16	16.22
Occupancy Expense			
Heat, Light, Power, Water	.74	.71	.77
Building Repairs and Maintenance	.20	.40	.22
Rent or Ownership in Real Estate**	2.60	2.47	1.82
Total Occupancy Expense	3.54	3.58	2.81
Other Costs of Doing Business			
Advertising and Promotion	2.26	1.76	1.86
Insurance (Other than Real Estate or Group)	.19	.48	.62
Taxes (Other than Real Estate or Payroll)	.25	.26	.34
Interest (Other than Real Estate)	.25	.96	.32
Depreciation (Other than Real Estate)	.81	.68	1.06
All Other Expense	4.57	4.48	3.32
Total Other Costs of Doing Business	8.33	8.62	7.52
Total Operating Expense	29.68	28.36	26.55
Operating Profit or Loss	5.90	(.26)	3.05
Other Income	1.66	1.65	1.44
Net Operating Profit or Loss (Before Income Taxes)	7.56	1.39	4.49
Financial Performance			
Profit on Investment	23.06%	6.44%	21.12%
Active Owner's Return	29.62%	18.64%	33.96%
Current Asset Ratio	2.31x	2.56x	2.85x
Quick Asset Ratio	.61x	1.11x	1.09x
Total Debt to Tangible Net Worth	44.48%	92.92%	65.41%
Stock Turn Times	3.39x	4.47x	4.43x
Sales to Inventory Ratio	5.25x	6.18x	6.26x
Average Inventory per Sq. Ft. Sales Area	$103.20	$55.27	$25.32
Net Sales to Accounts Receivable	20.42x	12.41x	16.56x
Net Sales to Total Assets	2.19x	2.41x	2.85x
Net Sales to Net Worth	3.17x	4.65x	4.71x
Net Sales to Net Working Capital	6.39x	5.62x	5.93x
Other Operating Data			
Incoming Freight — % of Purchases	.72%	.16%	.17%
Credit Sales — % of Total Gross Sales	36.19%	58.13%	35.66%
Consumer Sales — % of Total Gross Sales	74.63%	60.79%	67.96%
Inventory — % Stored in Central Warehouse	36.45%	22.14%	—-%
Selling Area — Square Feet	24,278	12,563	37,240
Sales Per Square Foot — Selling Area	$186.44	$202.30	$66.70
Total Area — Square Feet	30,308	28,618	42,079
Sales Per Square Foot — Total Area	$149.35	$88.81	$59.03
Sales Per Person Employed	$75,302	$102,240	$92,314
Sales Per Customer	$14.24	$18.69	$42.56

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Trade Area Size

Income Statement Data	S.M.S.A. Central City	S.M.S.A. Suburban	Cities 10,000 To 50,000	Rural Areas Under 10,000
Number of Stores	37	22	42	60
Net Sales Volume	$4,555,331	$3,460,625	$1,968,004	$2,106,694
Current Year's Sales vs. Previous Year*	-8.91%	+30.95%	+11.50%	+15.83%
Gross Sales	102.49%	100.45%	102.40%	102.33%
Less: Total Deductions	2.49	.45	2.40	2.33
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	64.12	71.70	70.66	72.05
Margin Before Purchase Rebate or Patronage Dividend	35.88	28.30	29.34	27.95
Purchase Rebate or Patronage Dividend	.12	.14	.89	33
Margin After Purchase Rebate or Patronage Dividend	36.00	28.44	30.23	28.28
Payroll and Other Employee Expense				
Salaries — Owners, Officers, Managers	1.68	1.63	3.75	3.11
Salaries/Wages — Other Employees	14.42	12.96	11.04	9.81
Federal and State Payroll Taxes	1.48	.96	1.21	1.00
Group Insurance	.84	.61	.66	.43
Benefit Plans	.31	.59	.39	.46
Total Payroll and Other Employee Expense	18.73	16.75	17.05	14.81
Occupancy Expense				
Heat, Light, Power, Water	.71	.59	.85	.72
Building Repairs and Maintenance	.25	.39	.39	.30
Rent or Ownership in Real Estate**	2.64	2.18	3.01	2.06
Total Occupancy Expense	3.60	3.16	4.25	3.08
Other Costs of Doing Business				
Advertising and Promotion	2.31	1.63	2.08	1.60
Insurance (Other than Real Estate or Group)	.21	.35	.48	.67
Taxes (Other than Real Estate or Payroll)	.29	.09	.22	.34
Interest (Other than Real Estate)	.12	.64	1.18	.84
Depreciation (Other than Real Estate)	.79	.70	.71	.91
All Other Expenses	4.17	4.92	4.02	3.75
Total Other Costs of Doing Business	7.89	8.33	8.69	8.11
Total Operating Expenses	30.22	28.24	29.99	26.00
Operating Profit or Loss	5.78	.20	.24	2.28
Other Income	1.31	1.13	1.66	1.97
Net Operating Profit or Loss (Before Income Taxes)	7.09	1.33	1.90	4.25
Financial Performance				
Profit on Investment	24.31%	5.78%	9.40%	17.65%
Active Owner's Return	30.07%	12.89%	27.95%	30.57%
Current Asset Ratio	2.10x	2.70x	2.41x	2.98x
Quick Asset Ratio	.52x	1.06x	.96x	1.23x
Total Debt to Tangible Net Worth	45.17%	55.37%	120.09%	77.86%
Stock Turn Times	3.58x	4.43x	3.88x	4.01x
Sales to Inventory Ratio	5.59x	6.18x	5.50x	5.57x
Average Inventory per Sq. Ft. Sales Area	$142.16	$97.75	$24.39	$34.40
Net Sales to Accounts Receivable	21.43x	12.24x	14.86x	13.62x
Net Sales to Total Assets	2.36x	2.81x	2.25x	2.33x
Net Sales to Net Worth	3.43x	4.37x	4.94x	4.15x
Net Sales to Net Working Capital	7.45x	5.84x	5.59x	4.81x
Other Operating Data				
Incoming Freight — % of Purchases	.67%	.10%	.40%	.18%
Credit Sales — % of Total Gross Sales	34.97%	67.12%	46.30%	43.83%
Consumer Sales — % of Total Gross Sales	76.22%	50.52%	66.72%	68.52%
Inventory — % Stored in Central Warehouse	33.16%	5.00%	16.67%	67.50%
Selling Area — Square Feet	22,048	13,507	18,509	20,641
Sales Per Square Foot — Selling Area	$206.61	$256.21	$106.33	$102.06
Total Area — Square Feet	30,489	32,759	31,104	34,101
Sales Per Square Foot — Total Area	$149.40	$105.64	$63.27	$61.78
Sales Per Person Employed	$74,281	$113,336	$84,343	$101,597
Sales Per Customer	$15.21	$23.60	$22.34	$21.80

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Store Location: Part I

Income Statement Data	Downtown	Suburban	Rural
Number of Stores	35	102	21
Net Sales Volume	$1,799,284	$3,319,646	$2,335,245
Current Year's Sales vs. Previous Year*	+17.62%	+2.23%	+18.95%
Gross Sales	102.13%	102.22%	100.77%
Less: Total Deductions	2.13	2.22	.77
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	69.20	67.96	73.76
Margin Before Purchase Rebate or Patronage Dividend	30.80	32.04	26.24
Purchase Rebate or Patronage Dividend	.42	.30	.27
Margin After Purchase Rebate or Patronage Dividend	31.22	32.34	26.51
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	3.06	2.25	2.86
Salaries/Wages — Other Employees	11.71	12.92	9.27
Federal and State Payroll Taxes	1.07	1.26	1.02
Group Insurance	.51	.73	.28
Benefit Plans	.56	.36	.56
Total Payroll and Other Employee Expense	16.91	17.52	13.99
Occupancy Expense			
Heat, Light, Power, Water	.76	.71	.65
Building Repairs and Maintenance	.37	.32	.14
Rent or Ownership in Real Estate**	2.67	2.54	1.67
Total Occupancy Expense	3.80	3.57	2.46
Other Costs of Doing Business			
Advertising and Promotion	1.76	2.08	1.28
Insurance (Other than Real Estate and Group)	.59	.30	.93
Taxes (Other than Real Estate and Payroll)	.32	.25	.20
Interest — Other than Real Estate)	1.03	.53	.55
Depreciation (Other than Real Estate)	.76	.76	1.05
All Other Expenses	4.42	4.20	3.35
Total Other Costs of Doing Business	8.88	8.12	7.36
Total Operating Expense	29.59	29.21	23.81
Operating Profit or Loss	1.63	3.13	2.70
Other Income	1.73	1.46	1.72
Net Operating Profit or Loss (Before Income Taxes)	3.36	4.59	4.42
Financial Performance			
Profit on Investment	14.33%	18.01%	18.75%
Active Owner's Return	27.37%	26.83%	30.86%
Current Asset Ratio	3.18x	2.28x	2.98x
Quick Asset Ratio	1.28x	.76x	1.14x
Total Debt to Tangible Net Worth	91.35%	62.76%	60.26%
Stock Turn Times	3.42x	3.98x	4.25x
Sales to Inventory Ratio	4.94x	5.86x	5.76x
Average Inventory per Sq. Ft. Sales Area	$36.90	$61.09	$36.63
Net Sales to Accounts Receivable	12.66x	17.16x	12.57x
Net Sales to Total Assets	2.23x	2.41x	2.65x
Net Sales to Net Worth	4.26x	3.93x	4.24x
Net Sales to Net Working Capital	4.18x	6.62x	5.32x
Other Operating Data			
Incoming Freight — % of Purchases	.39%	.41%	.10%
Credit Sales — % Total Gross Sales	54.42%	44.02%	42.14%
Consumer Sales — % of Total Gross Sales	67.85%	67.89%	59.75%
Inventory — % Stored in Central Warehouse	66.00%	31.04%	77.50%
Selling Area — Square Feet	12,020	19,444	33,140
Sales Per Square Foot — Selling Area	$149.69	$30.59	$70.47
Total Area — Square Feet	24,715	33,099	38,655
Sales Per Square Foot — Total Area	$72.80	$17.97	$60.41
Sales Per Person Employed	$91,136	$82,792	$148,415
Sales Per Customer	$21.25	$17.00	$27.15

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Store Location: Part II

Income Statement Data	Shopping Centers	Free-Standing No Stores Adjacent	Free-Standing Stores Nearby
Number of Stores	16	54	79
Net Sales Volume	$1,883,090	$2,493,327	$3,293,162
Current Year's Sales vs. Previous Year*	+19.88%	-11.91%	+19.32%
Gross Sales	102.65%	101.34%	102.46%
Less: Total Deductions	2.65	1.34	2.46
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	65.09	72.54	66.96
Margin Before Purchase Rebate or Patronage Dividend	34.91	27.46	33.04
Purchase Rebate or Patronage Dividend	.66	.37	.24
Margin After Purchase Rebate or Patronage Dividend	35.57	27.83	33.28
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	4.74	2.74	2.02
Salaries/Wages — Other Employees	12.70	11.17	12.90
Federal and State Payroll Taxes	1.33	1.04	1.29
Group Insurance	.60	.56	.72
Benefit Plans	.24	.44	.41
Total Payroll and Other Employee Expense	19.61	15.95	17.34
Occupancy Expense			
Heat, Light, Power, Water	.99	.70	.69
Building Repairs and Maintenance	.40	.30	.31
Rent or Ownership in Real Estate**	3.89	2.01	2.58
Total Occupancy Expense	5.28	3.01	3.58
Other Costs of Doing Business			
Advertising and Promotion	2.25	1.72	2.03
Insurance (Other than Real Estate or Group)	.65	.50	.33
Taxes (Other than Real Estate or Payroll)	.28	.30	.23
Interest (Other than Real Estate)	1.10	.62	.55
Depreciation (Other than Real Estate)	.72	.92	.70
All Other Expenses	3.86	3.98	4.27
Total Other Costs of Doing Business	8.86	8.04	8.11
Total Operating Expenses	33.75	27.00	29.03
Operating Profit or Loss	1.82	.83	4.25
Other Income	1.66	1.68	1.41
Net Operating Profit or Loss (Before Income Taxes)	3.48	2.51	5.66
Financial Performance			
Profit on Investment	17.82%	9.74%	22.52%
Active Owner's Return	42.12%	20.36%	30.58%
Current Asset Ratio	2.68x	2.97x	2.18x
Quick Asset Ratio	.91x	1.31x	.64x
Total Debt to Tangible Net Worth	84.74%	61.54%	68.40%
Stock Turn Times	3.86x	4.37x	3.66x
Sales to Inventory Ratio	5.93x	6.03x	5.46x
Average Inventory per Sq. Ft. Sales Area	$24.11	$31.98	$86.78
Net Sales to Accounts Receivable	23.76x	13.29x	16.83x
Net Sales to Total Assets	2.77x	2.40x	2.37x
Net Sales to Net Worth	5.13x	3.88x	3.98x
Net Sales to Net Working Capital	6.05x	5.06x	6.70x
Other Operating Data			
Incoming Freight — % of Purchases	.55%	.11%	.53%
Credit Sales — % of Total Gross Sales	23.21%	51.93%	42.42%
Consumer Sales — % of Total Gross Sales	79.87%	62.50%	68.08%
Inventory — % Stored in Central Warehouse	—%	41.00%	34.75%
Selling Area — Square Feet	14,471	25,644	16,270
Sales Per Square Foot — Selling Area	$130.13	$97.23	$202.40
Total Area — Square Feet	20,979	40,777	28,752
Sales Per Square Foot — Total Area	$89.76	$61.15	$114.54
Sales Per Person Employed	$65,567	$100,786	$84,957
Sales Per Customer	$11.76	$31.20	$15.92

*As reported to us by Bottom Line contributors.
**Ownership in Real Estate includes Taxes, Insurance and Depreciation on Land and Buildings and Interest on Mortgages.

Number of Stores

Income Statement Data	Single Store Business	2 To 4 Stores	5 To 10 Stores	11 Stores Stores
Number of Stores	89	40	16	18
Net Sales Volume	$1,986,924	$2,589,918	$3,236,468	$6,832,762
Current Year's Sales vs. Previous Year*	+14.69%	-21.45%	+16.76%	+23.92%
Gross Sales	102.11%	101.45%	100.84%	103.10%
Less: Total Deductions	2.11	1.45	.84	3.10
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	69.77	71.85	73.25	62.96
Margin Before Purchase Rebate or Patronage Dividend	30.23	28.15	26.75	37.04
Purchase Rebate or Patronage Dividend	.59	.36	.15	——
Margin After Purchase Rebate or Patronage Dividend	30.82	28.51	26.90	37.04
Payroll and Other Employee Expense				
Salaries — Owners/Officers/Managers	3.61	2.17	2.13	1.14
Salaries/Wages — Other Employees	11.41	12.74	9.71	14.36
Federal and State Payroll Taxes	1.17	.91	.73	1.72
Group Insurance	.61	.56	.26	.95
Benefit Plans	.61	.46	.61	——
Total Payroll and Other Employee Expense	17.41	16.84	13.44	18.17
Occupancy Expense				
Heat, Light, Power, Water	.71	.73	.64	.75
Building Repairs and Maintenance	.34	.46	.27	.16
Rent or Ownership in Real Estate**	2.53	2.59	1.95	2.49
Total Occupancy Expense	3.58	3.78	2.86	3.40
Other Costs of Doing Business				
Advertising and Promotion	1.88	1.85	1.38	2.40
Insurance (Other than Real Estate or Group)	.54	.40	.69	.12
Taxes (Other than Real Estate or Payroll)	.35	.28	——	.20
Interest (Other than Real Estate)	1.08	.53	.59	——
Depreciation (Other than Real Estate)	.75	.79	.83	.83
All Other Expenses	3.85	4.07	3.73	4.74
Total Other Costs of Doing Business	8.45	7.92	7.22	8.29
Total Operating Expenses	29.44	28.54	23.52	29.86
Operating Profit or Loss	1.38	(.03)	3.38	7.18
Other Income	1.64	1.56	1.62	1.31
Net Operating Profit or Loss (Before Income Taxes)	3.02	1.53	5.00	8.49
Financial Performance				
Profit on Investment	13.07%	6.30%	29.12%	26.59%
Active Owner's Return	28.66%	15.30%	41.55%	30.17%
Current Asset Ratio	2.65x	3.27x	2.05x	1.98x
Quick Asset Ratio	1.09x	1.41x	.65x	.36x
Total Debt to Tangible Net Worth	96.35%	50.66%	85.88%	41.34%
Stock Turn Times	3.70x	4.66x	4.75x	3.33x
Sales to Inventory Ratio	5.30x	6.49x	6.48x	5.29x
Average Inventory Per Sq. Ft. Sales Area	$28.00	$51.61	$75.49	$740.69
Net Sales to Accounts Receivable	12.74x	15.31x	16.31x	23.82x
Net Sales to Total Assets	2.20x	2.75x	3.13x	2.22x
Net Sales to Net Worth	4.32x	4.15x	5.82x	3.13x
Net Sales to Net Working Capital	4.91x	5.32x	8.29x	7.98x
Other Operating Data				
Incoming Freight — % of Purchases	.35%	.14%	——%	.83%
Credit Sales — % of Total Gross Sales	49.44%	57.98%	45.48%	35.90%
Consumer Sales — % of Total Gross Sales	63.48%	71.50%	61.25%	80.00%
Inventory -- % Stored in Central Warehouse	45.50%	5.00%	——%	35.00%
Selling Area — Square Feet	13,395	18,872	38,453	31,416
Sales per Square Foot — Selling Area	$148.33	$137.24	$84.17	$217.49
Total Area — Square Feet	28,956	32,117	44,068	32,423
Sales per Square Foot — Total Area	$68.62	$80.64	$73.44	$210.74
Sales per Person Employed	$89,245	$86,554	$163,872	$73,208
Sales per Customer	$18.98	$29.15	$33.35	$13.89

*As reported to us by Bottom Line contributors.

**Ownership in Real Estate includes Taxes, Insurance and Depreciation on Land and Buildings and Interest on Mortgages.

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Store Orientation

Income Statement Data	Contractor Oriented	Consumer Oriented
Number of Stores	30	121
Net Sales Volume	$3,768,464	$2,655,259
Current Year's Sales vs. Previous Year*	+21.72%	+.08%
Gross Sales	101.13%	102.49%
Less: Total Deductions	1.13	2.49
Net Sales	100.00%	100.00%
Cost of Goods Sold	73.54	67.36
Margin Before Purchase Rebate or Patronage Dividend	26.46	32.64
Purchase Rebate or Patronage Dividend	.18	.32
Margin After Purchase Rebate or Patronage Dividend	26.64	32.96
Payroll and Other Employee Expense		
Salaries — Owners/Officers/Managers	2.14	2.58
Salaries/Wages — Other Employees	11.41	12.37
Federal and State Payroll Taxes	.92	1.31
Group Insurance	.61	.69
Benefit Plans	.73	.31
Total Payroll and Other Employee Expense	15.81	17.26
Occupancy Expense		
Heat, Light, Power, Water	.46	.79
Building Repairs and Maintenance	.26	.29
Rent or Ownership in Real Estate**	1.73	2.63
Total Occupancy Expense	2.45	3.71
Other Costs of Doing Business		
Advertising and Promotion	1.39	2.09
Insurance (Other Than Real Estate or Group)	.31	.40
Taxes (Other Than Real Estate or Payroll)	.16	.30
Interest (Other Than Real Estate)	.81	.51
Depreciation (Other Than Real Estate)	.73	.83
All Other Expenses	4.40	4.12
Total Other Costs of Doing Business	7.80	8.25
Total Operating Expenses	26.06	29.22
Operating Profit or Loss	.58	3.74
Other Income	1.34	1.63
Net Operating Profit or Loss (Before Income Taxes)	1.92	5.37
Financial Performance		
Profit on Investment	8.24%	20.90%
Active Owner's Return	17.43%	30.94%
Current Asset Ratio	2.69x	2.45x
Quick Asset Ratio	1.06x	.82x
Total Debt to Tangible Net Worth	65.08%	66.27%
Stock Turn Times	4.44x	3.74x
Sales to Inventory Ratio	6.04x	5.56x
Average Inventory Per Sq. Ft. Sales Area	$55.18	$50.55
Net Sales to Accounts Receivable	11.49x	17.69x
Net Sales to Total Assets	2.60x	2.34x
Net Sales to Net Worth	4.30x	3.90x
Net Sales to Net Working Capital	5.58x	5.99x
Other Operating Data		
Incoming Freight — % of Purchases	.15%	.47%
Credit Sales — % of Total Gross Sales	69.03%	38.22%
Consumer Sales — % of Total Gross Sales	36.90%	74.62%
Inventory — % Stored In Central Warehouse	23.33%	37.12%
Selling Area — Square Feet	14,479	21,146
Sales per Square Foot — Selling Area	$260.27	$125.57
Total Area — Square Feet	38,530	30,821
Sales per Square Foot — Total Area	$97.81	$86.15
Sales per Person Employed	$123,521	$81,249
Sales per Customer	$39.04	$16.81

*As reported to us by Bottom Line Report contributors.

**Ownership in Real Estate incl. Jes Taxes, Insurance and Depreciation on Land and Buildings and Interest on Mortgages.

Strategic Profit Model

The Strategic Profit Model can be an excellent management tool for home center retailers. The Model combines the principal elements of a firm's operating statment and balance sheet into a single profit planning equation, evaluating operating performance on the most important criteria — Return on Net Worth.

The Strategic Profit Model clearly identifies, through the use of financial ratio analysis, the three major operational areas that determine the rate of return on net worth; profit margin, asset turnover and leverage.

Several elements that can be controlled by management to improve the level of operational performance are:

Profit Margin

Sales — Increase sales through better displays and advertising, more promotions, addition of new lines, etc.

Cost of Goods Sold — Improve Gross Margin through variable pricing, efficient buying, etc.

Expenses — Trimming expenses is difficult in view of today's high inflation, labor costs, occupancy expense, etc., however, carefully review each item of expense for areas of cost savings.

Other Income — Take advantage of cash discounts, earnings from revolving or installment credit programs and other investments such as stock ownership.

Asset Turnover

Inventory — Decrease inventory level through a careful review of the levels of all items, trim slow moving items, eliminate obsolete items.

Accounts Receivable — Review status of accounts, if excessively high without the use of a finance charge, customers are operating on the firm's money.

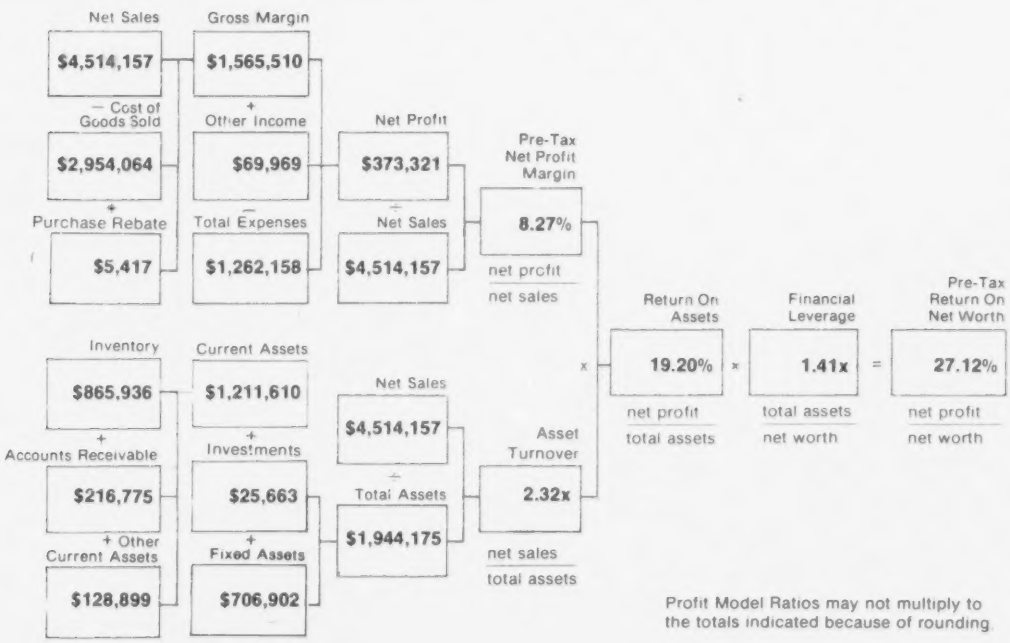
Fixed Assets — Divide Net Sales by Fixed Assets, a substantially lower than industry average ratio, indicates excessive investments resulting in idle capacity.

Leverage

The amount of borrowed funds has a number of major implications 1) creditors look to owner supplied funds to provide a margin of safety; 2) by raising funds through debt, owners gain the benefit of maintaining control of the firm with a limited investment and 3) if the firm earns more on borrowed funds than it pays in interest, return to owners is magnified.

Presented below is the Strategic Profit Model for the High Profit Stores category. Retailers interested in improving their performance should carefully review this model, as it represents the level of excellence achieved by industry leaders.

High-Profit Home Centers



Profit Model Ratios may not multiply to the totals indicated because of rounding.

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Departmental Sales

Many Bottom Line contributors provided detailed information on sales, margins, inventory, cost of goods sold and space occupied by major departments found in U.S. home centers. Slightly more than half of the sample is made up of home centers with lumber and building material origins; the other half of the sample is comprised of centers with hardware origins. Although results may be somewhat biased toward lumber and building materials, the section should give an excellent indication of operating results obtained in various departments found in U.S. home centers.

Departmental Contributions

Shown for each department are the percent of firms handling, the share of net sales, sales floor space, inventory, cost of goods sold and dollar productivity per square foot of sales area. These data are for **Handling Firms Only.** All stores participating in the survey that do not carry a certain department were not included in the computation of the average data for that department.

As an example to help understand the meaning of the **Handling Firms Only** data, suppose the Lawn and Garden Department in the Financial Report shows 90.0% of the reporting stores have a Lawn and Garden Department. The data shown for the Lawn and Garden Department are only for the 90.0% of stores who carry Lawn and Garden Equipment. Thus, **Handling Firms Only** data enable an operator to compare a specific department's data with the average of other operators who also carry that department.

The Financial Report also presents an **Average Store Profile.** This profile shows data for a home center handling all departments and allows a comparison of the relationships among departments within a single operation.

But what of a home center that does not carry all the major departments? How can the relationships of only carried departments be compared to a total store industry average? The necessary data are contained in the Report — only a simple computation is required.

First, for each department carried, add the industry average percent of Net Sales. The sum of these percentages is then divided into each individual departmental percent. The resulting percentages are the **Average Store Profile** for an outlet carrying only these departments.

As an example, a home center carries only four departments — Hardware, Hand Tools, Paint and Home Decorating and Building Materials. Assume The Financial Report indicates percent of Net Sales for handling firms for each department to be:

Hardware	15.0%
Hand Tools	10.0%
Paint and Home Decorating	20.0%
Building Materials	50.0%

The total of these percents equals 95.0%. Now divide the total (95.0%) into each of the individual department's percent:

Hardware	$\frac{15.0}{95.0}$	= 15.8%
Hand Tools	$\frac{10.0}{95.0}$	= 10.5%
Paint and Home Decorating	$\frac{20.0}{95.0}$	= 21.1%
Building Materials	$\frac{5.0}{95.0}$	= 52.6%

The resulting percentages' total should equal 100.0% and are the **Average Store Profile** for an outlet handling only Hardware, Hand Tools, Paint and Home Decorating, and Building Materials. This same procedure can be followed to determine the Average Store Profile for the percent of sales floor space, inventory and cost of goods sold.

Productivity

There are a number of ways in which to evaluate departmental performance including margin, turnover, sales productivity and margin contribution. The table presented on the following page, examines these departmental evaluation criteria.

The first evaluative measure is departmental gross margin.

On the basis of margin alone, the following departments would be considered high performing departments: hardware, electrical supplies and plumbing, heating & cooling. Margin evaluations alone would indicate major appliances and home entertainment, lumber and building materials to be below average performance.

An additional measure is the sales to inventory ratio (net sales divided by average inventory at cost). On the basis of this ratio alone, lumber and building materials highly exceed all the other department averages.

An excellent way for home center operators to evaluate departmental performance is through the concept of gross margin return on inventory investment or GMROI. GMROI considers both margin and turnover. GMROI is computed by taking the margin percentage times the sales to inventory ratio. Below, GMROI is expressed as an index. Lawn and Garden's GMROI, for example, is 1.55 which means $1.55 in margin is returned for each $1.00 invested in lawn and garden inventory. GMROI of 1.55 is computed by taking margin (29.5%) times the sales to inventory ratio (5.2x), (29.5% x 5.2x = 1.55). Resultant GMROI figures give home center operators ways to measure departmental performance across diverse merchandise lines. Traditional high margin, low turnover departments may be compared with traditional low margin, high turnover departments.

An additional evaluative measure shown on the next page is sales per square foot of sales area. Individual home center operators may utilize other evaluations such as profit on sales or return on investment by department. Nearly all departmental evaluation methods rely on some type of inventory control system enabling operators to measure sales and purchases at least at the departmental level.

Departmental Contribution

Department	Handling Firms Only: % Handling	% of Net Sales	% of Sales Floor*	% of Inventory	% of Cost of Goods Sold	$ Sales Per Sq. Ft. Sales Area	Average Store Profile: % of Net Sales	% of Sales Floor	% of Inventory	% of Cost of Goods Sold
Hardware	100.0	11.1	11.0	12.5	9.2	144.79	11.1	11.0	12.5	9.2
Hand Tools	100.0	4.8	5.2	6.4	5.0	131.40	4.8	5.2	6.4	5.0
Power Tools & Accessories	100.0	4.6	4.2	6.6	5.8	154.59	4.6	4.2	6.6	5.8
Plumbing, Heating and Cooling	100.0	10.2	11.0	9.8	10.1	132.94	10.2	11.0	9.8	10.1
Electrical Supplies	100.0	7.5	8.5	7.4	7.8	126.60	7.5	8.5	7.4	7.8
Paint & Home Decorating	100.0	9.2	10.1	9.0	9.6	131.07	9.2	10.1	9.0	9.6
Lumber	80.0	20.0	11.0	18.3	19.5	261.14	14.4	8.7	13.2	13.7
Building Materials	89.5	21.3	10.9	17.8	19.6	280.76	17.2	9.7	14.4	15.4
Lawn & Garden	81.9	12.8	20.5	13.2	15.9	89.53	9.4	16.6	9.8	11.5
Housewares	72.4	6.5	10.1	5.8	7.2	92.70	4.2	7.2	3.8	4.6
Automotive Supplies	50.5	2.5	2.6	2.4	2.4	137.64	1.2	1.3	1.1	1.1
Major Appliances & Home Entertainment	40.0	4.1	4.9	3.1	3.3	121.20	1.4	1.8	1.1	1.1
Sporting Goods & Outdoor Living	47.6	4.0	4.1	5.9	4.8	139.85	1.7	2.0	2.5	2.0
Miscellaneous Goods	70.5	5.0	3.8	3.9	4.9	187.40	3.1	2.7	2.4	3.1
							100.0	100.0	100.0	100.0

*Includes inside sales area only.

Productivity

Department	Typical Store Profile: Gross Margin %	Sales To Inventory Ratio	GMROI
Hardware	38.7	4.2x	1.62
Hand Tools	36.0	4.0x	1.38
Power Tools & Accessories	35.2	3.9x	1.36
Plumbing, Heating & Cooling	37.6	4.8x	1.81
Electrical Supplies	38.7	5.1x	1.95
Paint & Home Decorating	36.1	5.9x	2.14
Lumber	26.9	7.2x	1.94
Building Materials	27.5	6.6x	1.82
Lawn & Garden	29.5	5.2x	1.55
Housewares	31.2	4.6x	1.45
Automotive Supplies	31.2	5.5x	1.73
Major Appliances & Home Entertainment	18.1	5.0x	.91
Sporting Goods & Outdoor Living	27.7	5.2x	1.45
Miscellaneous Goods	28.3	4.9x	1.39

New Home Center Data

To determine the feasibility of a new home center, four distinct planning phases are required:

—Preliminary Financial Analysis
—Market Analysis
—Formal Financial Analysis
—Development of Store Image

Phase I

As the ultimate criterion of feasibility for a proposed home center operation will be profitability, the planning process should begin with a preliminary financial analysis.

The investment required for a new home center can range between $25 to $60 per square foot, depending on locality, size, occupancy position and personal preferences.

Based on the desired size of the operation, utilize the industry operating averages presented in NRHA's Bottom Line to estimate sales volumes, gross margins, salaries and other cost of doing business to project Net Profits and Return on Investment for the proposed operation. An important fact to remember is there is a direct correlation between the square feet of sales area, average dollar inventory and the attainable sales volumes.

If the preliminary financial analysis meets predetermined individual requirements in attainable salary levels, Net Profit and Return on Investment, the second phase of planning may be initiated.

Phase II
Site Location

The market area to be served by the proposed home center will be primarily determined by the selected site location. Nine major aspects of varying importance determine the worth of a given home center location. These aspects are listed below.

Shopping Pull — Businesses in the area which would help draw consumers to the area.

Parking Facilities — Adequate parking requires two to two and a half square feet of parking area for every square foot of selling area.

Walk-In Traffic
Traffic Count and Patterns
Accessibility
Visibility
Congestion

Shopping Ease — The ability for the consumer to get out of the store from the point of check-out to his or her auto with a large item.

Ingress and Egress — The ease with which customers can drive to or from the street to the parking area.

To select the best location, each prospective site should be assessed on the nine aspects to determine overall worth as a retail location. A subjective analysis of all aspects for each potential site available combined with an analysis of the cost for property and improvements will provide the basis for selecting the prime site location(s) for further analysis.

Primary Trade Area

After the selections of site(s), for the purpose of analysis it is necessary to bring the market area to be served to manageable proportions. Therefore a Primary Trade Area for the selected site location must be defined. The Primary Trade Area represents the geographical boundaries from which the majority of do-it-yourself consumer business for the proposed operation will be derived. These geographical boundries of the Primary Trade Area are affected by many variables. The most influencing variables are the proposed operation's size and merchandise mix, number of consuming residents required to support the operation, driving time to site location, the proximity of retail activity concentrations and natural or manmade barriers.

Size — The ability to draw consumers from a distance to a retail outlet is directly related to the size of the display area and the number, depth and breadth of departmental lines carried.

Driving Time — Typically a 10,000 square foot store can draw consumers within a 10 to 15 minutes driving time, a 20,000 square foot store drawing within 15 to 20 minutes driving time.

Other Retail Stores — Proximity to highly active retail areas helps to share the burden of drawing consumers to the area for shopping purposes.

Barriers — Barriers affecting accessibility to selected site location can dramatically alter the boundries of the Primary Trade Area.

The feasibility of a new home center within a given Primary Trade Area is dependent on two major factors, the demographic characteristics of the consumers and the number and strength of the competitors.

Consumer Analysis

From past NRHA research it has been learned that demographic variables relating to population growth rate, income levels and incidence of owner-occupied housing are the most critical variables in predicting a consumers' propensity to spend on hardlines.

Population Growth Rate — A favorable environment for a new home center requires that the Primary Trade Area experience a minimum of .5 percent annual increase in population.

Income Levels — Consumers with middle to upper-middle income have the greatest propensity to purchase hardlines, lumber and building materials.

Type of Housing — Consumers who own their own homes will spend more per year for hardlines, lumber and building materials than renters, mobile home or condominium owners.

Competitive Analysis

Although within a given Primary Trade Area, consumer demographic variables may indicate a healthy environment for a new home center, feasibility for the proposed operation cannot be determined without an analysis of the competition.

Depending on merchandise mix, primary hardlines sales represent approximately 70 to 90 percent of the total sales volume for an average home center. Primary hardlines include: hardware, tools, electrical, plumbing, lawn and garden, paint and paint sundries. As these lines represent the substantial majority of sales for a home center, an analysis to determine the feasibility of a new store should focus on these lines.

Retail stores which carry competitive lines and would be likely to be shopped by Primary Trade Area residents should be visited and assessed. These retail outlets include all hardware stores, home centers, lumber/building material outlets, mass merchandisers, discount stores, variety and drug stores and specialty stores.

The retail competitors should be delineated by location and preferably spotted on a map. All competitive departmental lines should be assessed on a rating scale. A scale of 1 to 5 has been utilized with a rating of 1 indicating that the retailer offers a minimal selection of items and a 5 indicating an excellent departmental offering in both depth and breadth of line.

In this illustration the lawn/garden and paint departments are offered in depth by several strong competitors, indicating a possible market saturation in these lines. Plumbing has a fewer number of competitors carrying, and no competitor offers a strong plumbing departmental presentation. The hardware, tools and electrical departments have many competitors, but only a few strong competitors.

To be a home center, the merchandise mix must include all primary hardlines plus lumber and building materials. However, due to the competitive structure of the Primary Trade Area and surrounding Market Area, strategic market thrust can be obtained by offering above average selections in departmental lines that are in poor supply.

In the illustration, based on the competitive situation and desired store image, the proposed operation should plan the following merchandise mix: Hardware — average to above average; Hand Tools —average; Electrical — average to above average; Plumbing — above average; Lawn/Garden — below average-heavy seasonal promotion only; Paint — average to below average; Paint Sundries — average to below average; Lumber, Building Materials — average to above average.

Illustration	Hdwe.	Tools	Elec.	Plbg.	Lawn/ Gdn.	Paint	Sun- dries	Lbr.	Bldg. Matl.
Site Area									
Variety Store	1	1	2	1	3	2			
Drug Store			1		1				
Downtown									
Home Center	5	4	5	4	4	5	5	5	3
Paint Store						5	2		
Auto Supplies		1	1						
East									
Hardware Store	4	3	4	2	5	3	3		
K-Mart	4	5	3	3	5	5	4	3	2
Lumber Outlet	2	1	2	2	1	3	3		
South									
Sears	4	5	4	4	5	5	4		2
Penney	3	4	3	3	4	4	3		
Sherwin Williams					5	5			
Gift Shop									
Super Drugs	2	1	2	2	3	2	1		
Total	25	25	27	21	36	39	25	8	7
# Of Competitors	8	9	10	8	10	10	8	2	3

Phase III

If the analysis indicates a positive environment in both the consumer and competitive characteristics of the Primary Trade Area, a formal financial analysis should then be developed. Unlike the preliminary analysis, this analysis should include the actual cost of land, building fixtures and equipment to determine the total investment required.

The analysis should also include a pro-forma income statement to estimate the profits (losses) for the first three years of operation. Wherever possible actual operating expenses should be utilized — rent, taxes, utilities, etc. For those expense items that cannot be determined, NRHA's The Bottom Line will provide guidelines for estimation. Dependent on the projected profit (losses), total capital requirements including working capital will be determined.

One very important factor to remember is that a typical new store will take three years to reach maximum productivity and efficiency or what is termed "store maturity". Therefore do not be overly optimistic on setting performance goals.

Phase IV

Through a combined analysis of all planning phases, the consumer store image is developed.

Owner's Economic Constraints
Customer Identification
Posture of Major Competitors
will determine
Size of Facility
Merchandise Mix
Service Level
Price Statement
will determine
Store Layout, Design and Decor
which relays
Consumer Store Image

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Member Services

Home Center Institute

The Home Center Institute is a service activity of the National Retail Hardware Association, established in 1972 to meet the unique needs of existing home center retailers and traditional hardware or lumber retailers who were changing over to home centers.

HCI is the information and service center of the home center industry, and for the first time provides the consumer-oriented home center retailer with a focal point for industry action.

Included among HCI services are a wide varity of programs in the areas of sales training, management development and training, research, consumer information, seminars and workshops, advertising and promotion, management aids, merchandising aids and Washington legislative representation.

HCI concentrates its service activities in those areas where it would be prohibitively expensive — or impossible — for the member to develop his own programs.

HCI makes available to its membership the vast resources of the National Retail Hardware Association, which has established an industry-wide reputation for professional leadership and innovation in its nearly 80 years of serving hardgood retailers.

Management/Education Services

Behind every successful home center is a good management team. HCI is dedicated to providing the managerial and educational programs home center retailers need to manage more efficiently.

Consumer Material
A retailer's DIY library, offering fifty different "Show How" pamphlets.

Show How Theatre
An in-store audio visual program for employee training and for showing manufacturer-provided films to consumers.

Employee Education
The "Advanced Course in Hardware Retailing" provides information on selling, merchandising and display.

Sales Training Workbooks for building materials, plumbing, electrical and hardware offer indepth specialized training.

"How To" tapes and workbooks teach middle management about pricing, theft, motivation, advertising, etc.

Legislative Representation
NRHA's director of government relations voices the home center retailers position on every pertinent issue to Congress, commissions and agencies.

Management Information
"Store Meeting Guide" and "Sales Tips" for employees combine instruction and motivation. "Departmental Merchandising Guide" suggests basic stock and location of displays. "Wage-Hour and Fair Employment Practices Handbook" covers laws and interpretations on employment practices.

Personnel Management Aids
Material to improve interviewing and evaluating job applicants and employees.

Seminars and Workshops
Subjects range from store management to ownership succession. Larger home centers, can make use of these seminars for "in-house" training programs.

Store Planning Services
Layout and Merchandising

There's more to furnishing a store than setting up some fixtures. It requires planning, designing the sales floor for maximum efficiency, creating an image with decor, display accessories, proper merchandising and installation of the entire store. The NRHA/HCI's Master Merchant Store Planning Program offers a single source consulting service in all these areas, staffed by highly trained and thorougly experienced store engineers and merchandising consultants.

Store Planning
An association consultant can design a sales floor that makes effective use of space, appeals to the consumer, increases operating efficiency and improves profit.

Merchandising
Establishes the proper relationship between items and categories of merchandise, feature displays, improved impulse sales and related sales. It involves knowledge of the retailers's market area and the merchandise mix he needs.

Decor
More than identifying departments, good decor can stimulate the customer's buying urges, create a distinctive store image, make customers feel comfortable in the store and keep them coming back.

Fixtures and Equipment
NRHA/HCI provides retailers with fixtures designed specifically for home centers.

Installation
Supervised and scheduled by merchandising consultants working with dedication to minimize interruption of the business in an existing store, and towards on-time opening of a new store.

Leasing and Financing
Available through NRHA to help conserve operating funds for current merchandise needs.

Affiliated Associations

California Pacific Southwest Hardware Association
William R. Maze
12 Ninth St.
San Francisco, CA 94103
(215) 552-0536

Canadian Retail Hardware Association
Thomas M. Ross
6800 Campobello Road
Mississauga, Ontario, Canada L5N 2L8
(416) 821-3470

The Hardware Association of the Carolinas
Eleanor Brigance
412 Louise Avenue
Charlotte, NC 28204
(704) 332-3141

Illinois Retail Hardware Association
John C. Friel
215 West Prospect Ave.
Mt. Prospect, IL 60056
(312) 392-8700

Indiana-Kentucky Hardware Association, Inc.
Richard L. Russell
4120 N. Keystone
Indianapolis, IN 46205
(317) 547-5471

Intermountain Association
R.M. Henderlider
2230 Main St.
Boise, ID 83706
(208) 342-7779

Iowa Retail Hardware Association
John C. Phillips
520 35th St.
Des Moines, IA 50312
(515) 274-0401

Michigan Retail Hardware Association
Thomas A. Aitken
4414 S. Pennsylvania Ave.
Box 30085
Lansing, MI 48909
(517) 394-1710

Mid-South Hardware Association
W.F. Davis
Suite 119, Cavalier Bldg.
95 White Bridge Rd.
Nashville, TN 37205
(615) 352-6742 or (615) 352-6743

Minnesota-Dakotas Retail Hardware Association
Hal Marsolais
3033 Excelsior Blvd.
Minneapolis, MN 55416
(612) 929-4691

Montana Hardware and Implement Association
Blake Wordal
3087 N. Montana Ave.
P.O. Box 4459
Helena, MT 59601
(406) 442-1590

Mountain States Hardware and Implement Association
Max L. Sauder
1380 Carr St.
Lakewood, CO 80215
(303) 233-2101

New England Hardware Dealers Association
Leonard J. Palmisano
Lakeside Office Park, Door #10
599 North Ave.
Wakefield, MA 01880
(617) 246-1510

New York State Retail Hardware Association
Larry Bowser
6500 Joy Road
East Syracuse, NY 13057
(315) 437-7318

Ohio Hardware Association
Joe B. Bailey, Jr.
1540 W. Fifth Ave., (43212)
P.O. Box 1828
Columbus, OH 43216
(614) 486-5278

Pacific Northwest Hardware and Implement Association
Mac Smith
333 S.W. Fifth Ave.
Room 606
Portland, OR 97204
(503) 226-1641

Pennsylvania and Atlantic Seaboard Hardware Association
J. Wayne Tisdale
949 East Park Dr.
Harrisburg, PA 17111
(717) 564-7011

Southern Association
R.L. Ricker
2111 Smith St.
Orange Park, FL 32073
(904) 264-7525

Southwest Hardware and Implement Association
R.B. Allen
4629 Mark IV Parkway
Ft. Worth, TX 76106
(817) 625-5562

Hardware Association of the Virginias
Leonard Holdren
1906 N. Hamilton St.
Richmond, VA 23230
(804) 358-6511

Western Retail Implement and Hardware Association
J. Keith Melvin
638 W. 39th St. (64111)
P.O. Box 19264
Kansas City, MO 64141
(816) 561-5323

Wisconsin Retail Hardware Association
Robert L. Gast
1421 Strongs Ave.
Stevens Point, WI 54481
(715) 346-7600

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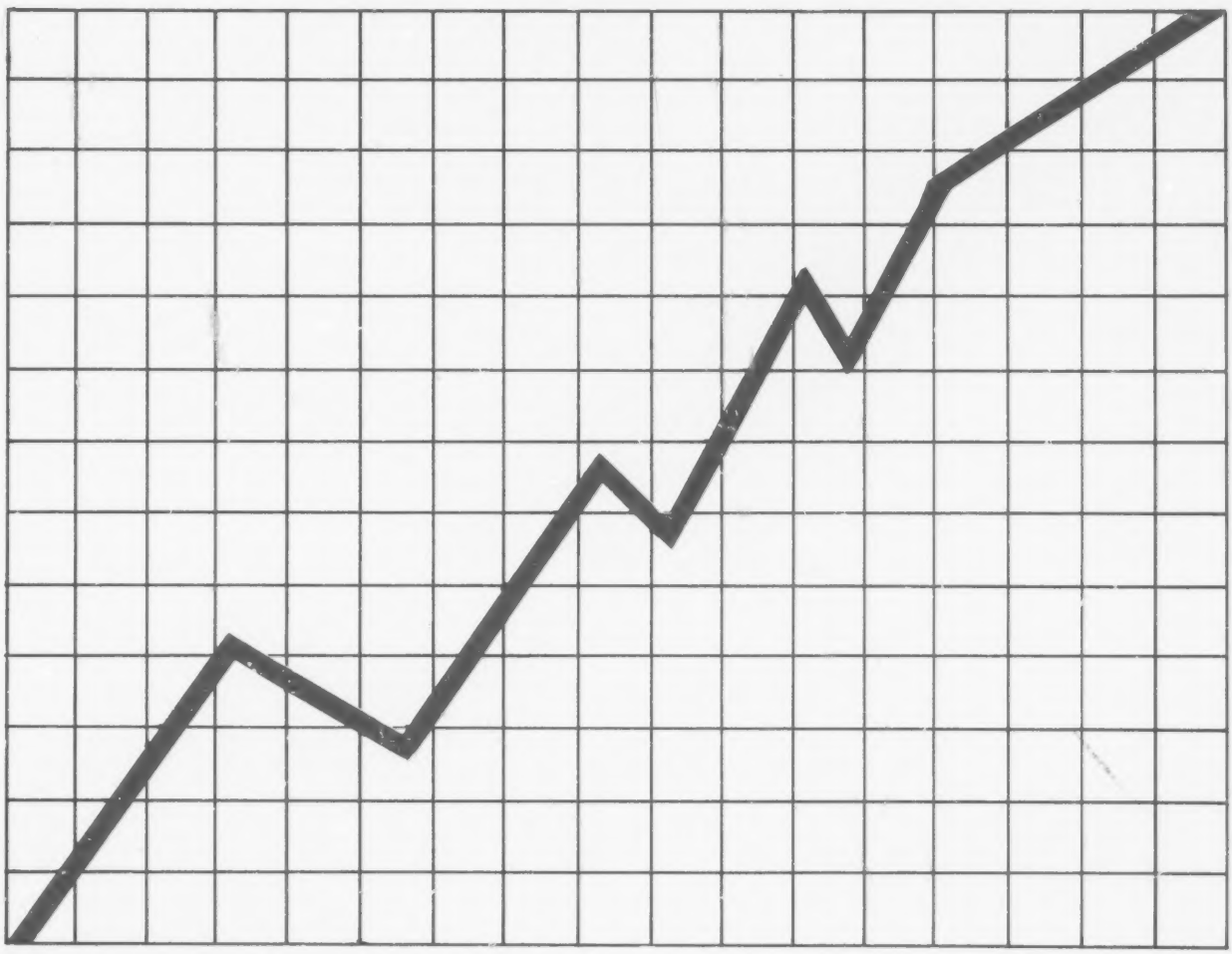
1984
Lumber/Building Materials Financial Report

Financial Report For Retail Lumber/Building Materials Outlets



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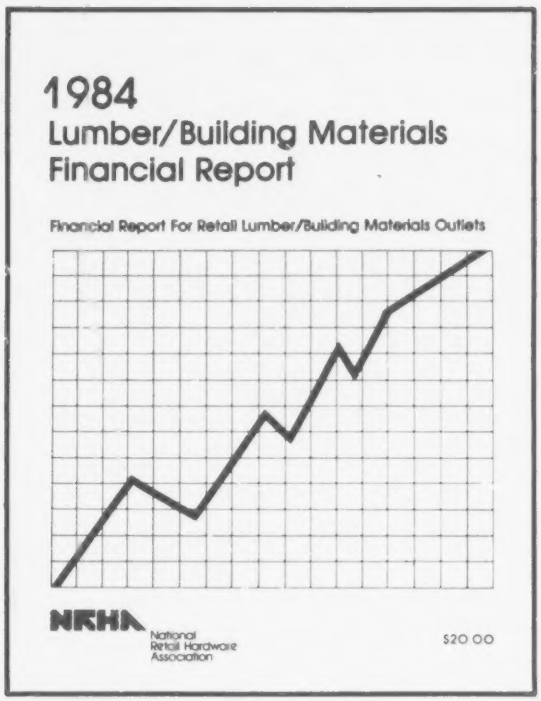

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Introduction

Lumber/Building Materials Financial Report

The 1984 Lumber/Building Materials Financial Report presents financial operating data for the consumer oriented lumber and building materials industry. To be included a lumber/building materials outlet must actively pursue and derive a portion of total sales from the consumer do-it-yourself market. The outlet must have a retail sales floor and carry basic hardlines in addition to lumber/building materials. The Report is designed to fulfill several objectives; to assess the financial performance of the lumber/building materials industry in 1983; to provide comparative financial data so that retailers can measure their performance against other industry members; to provide a frame of reference for profit planning enabling lumber/building materials retailers to continually improve performance levels. Additionally the Report provides an excellent means for manufacturers, wholesalers and other interested parties to gain a better understanding of the retail hardware industry.

Four Major Sections

The Lumber/Building Materials Financial Report is divided into four major sections: Average Operating Results, Strategic Profit Model, Departmental Sales, and New Store Data. All results are presented as averages, computed by adding all data for a given item and then dividing by the total number of entries.

Average Operating Results includes data on sales, operating expenses, profits and financial performance. Income statement items are presented as a percentage of net sales and balance sheet items as a percentage of total assets.

The **Strategic Profit Model** combines the principal elements of a firm's operating statement and balance sheet into a single profit planning equation, evaluating operating performance on return on net worth.

In **Departmental Sales,** information is presented on the percent of stores handling major departments found in retail lumber/building materials outlets. The percent of net sales, sales floor, inventory and cost of goods sold are outlined both for handling firms only and for an average outlet profile.

In **New Store Data,** information on the required planning phases for new store development is presented.

Type of Outlet

Many factors influence a lumber/building materials outlet's cost of doing business. Therefore, Report data are shown in different ways in order that individual operators may make meaningful comparisons. Information contained in Average Operating Results is presented for the following store types:

—High and Low Profit
—Sales Volume Size
—Sales Floor Size
—Trade Area Size
—Outlet Location
—Number of Outlets
—Outlet Orientation

Methodology

The Lumber/Building Materials Financial Report is made possible only through the cooperation of the retail lumber/building materials men and women who provided detailed information on their operation. Confidential mail questionnaires were sent to lumber/building materials operators the end of February. Two hundred and ninety-one usable returns were received by June 15, 1984 in time for inclusion in this year's Report.

All dealer survey forms were edited for completeness by NRHA's Research Services Department Staff. Forms were coded for computer processing and **all individual firm identification removed.** The data was keypunched by a service bureau and then processed by our own data processing department.

As thanks for their contributive efforts, each lumber/building materials operator who submitted detailed financial information was provided a personalized computer analysis. This customized analysis compared each contributor's results with averages of all other stores in the same sales volume, sales floor and store location categories, as well as with the averages for the entire sample.

One Of A Series

The National Retail Hardware Association publishes detailed Financial Operating Reports for three types of hardlines retailers. Studies which are available in addition to the Lumber/Building Materials Financial Report are The Management Report for retail hardware stores and The Bottom Line for home centers. Each segment of the concentrated hardgoods market is provided with its own cost-of-doing business comparison manual.

For Assistance

Assistance and aid in interpreting the 1984 Lumber/Building Materials Financial Report may be obtained from your regional Hardware Association.

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Highlights

The average 1983 sales volume increase over 1982 as reported to us by the Lumber/Building Materials Financial Report contributors was 18.18 percent. Gross margin is down this year due to an increase in cost of goods sold. It would seem, due to the overall drop in "payroll and other employee expenses" and "other costs of doing business", that lumber outlets took a conservative stance and trimmed their number of employees and other costs of doing business to try to protect themselves from any possible downturns in the housing industry. This expense trimming apparently paid-off, as is indicated in a boost in net profit before taxes from 1.19 percent in 1982 to 3.14 percent in 1983.

Type of Lumber Outlet	Net Sales ($)	Sales Increase Over 1982* (%)	Margin (%)	Net Profit On Sales (%)	Net Profit On Investment (%)	Stock Turns x
All Lumber Outlets	1,243,862	+18.18	26.17	3.14	13.81	3.99
Low Profit	956,145	+13.89	25.29	(1.87)	(10.75)	3.51
High Profit	1,201,331	+19.33	27.65	8.28	26.12	4.47
Sales Volume Size						
Under $500,000	354,222	- 1.78	30.78	2.85	7.86	2.55
$500,000 to $999,999	767,284	+12.32	26.20	1.26	5.02	3.46
$1,000,000 to $1,999,999	1,384,322	+14.13	26.66	3.21	15.40	3.80
$2,000,000 or more	3,187,659	+29.80	25.00	4.07	19.24	4.99
Sales Floor Size						
Under 3,000 Sq. Ft.	1,185,672	+24.23	25.04	3.62	18.71	5.02
3,000 to 4,999 Sq. Ft.	1,163,486	+14.00	25.92	3.92	17.39	4.02
5,000 Sq. Ft. or more	1,387,641	+14.85	26.92	2.18	8.47	3.48
Trade Area Size						
S.M.S.A. Central City	1,508,631	+20.39	25.68	4.53	17.37	5.25
S.M.S.A. Suburban	1,101,385	+17.95	28.71	3.12	11.11	4.11
Cities-10,000 to 50,000	1,287,508	+15.25	25.90	2.93	14.53	4.07
Rural Areas Under 10,000	1,203,236	+20.00	26.11	3.06	13.32	3.76
Outlet Location:						
Downtown	1,030,758	+16.36	26.77	3.32	13.17	3.99
Suburban	1,288,573	+18.29	25.95	3.20	14.82	4.04
Rural	1,727,794	+22.17	25.87	3.01	14.35	3.93
Outlet Orientation:						
Consumer-Oriented	1,689,085	+25.90	24.76	2.85	13.41	4.79
Contractor-Oriented	935,247	+10.05	27.57	3.33	13.59	3.29

*As reported to us by contributing dealers.

Monthly Sales

Monthly sales for lumber/building materials outlets as shown below were somewhat slower in the first quarter of 1983 than in 1982. However, in June and July sales picked up and exceeded last year's percentages, putting those months back into a more normal range historically. Again this year, December enjoyed the rank of best sales month in the last half, at an all-time high of 9.6 percent.

	%
January	5.7
February	5.3
March	6.6
April	8.0
May	9.4
June	10.1
July	9.4
August	9.3
September	8.9
October	9.1
November	8.6
December	9.6

Average Operating Results

Income Statement Data

The Income Statement presents in a single format revenue derived from the sale of merchandise, and expenses incurred to produce these sales. All Financial Report Income Statement data are presented as a percent of Net Sales, computed by dividing each item by the Net Sales.

Net Sales Volume — The dollar amount of cash sales plus credit sales less total deductions.

Total Deductions — Goods returned, discounts allowed, sales taxes and other taxes paid to secure licenses.

Cost of Goods Sold — Inventory First of the Year plus Purchases plus Freight In plus Shop Labor (Non-Employee) minus Inventory End of the Year equals Cost of Goods Sold.

Margin Before Rebate or Dividend — The difference between Net Sales and the Cost of Goods Sold.

Margin After Rebate or Dividend — Net Sales minus the Cost of Goods Sold plus any Purchase Rebate or Patronage Dividend received by the dealer.

Salaries — Owners, Officers, Managers — The compensation including bonuses paid to owners, officers and store managers who work in the business.

Salaries/Wages — Other Employees — The compensation, wages and bonuses paid to all other employees.

Federal and State Payroll Taxes — Federal and State Withholding, Unemployment Compensation and FICA Taxes.

Group Insurance — All premiums paid to insure employees for health and accident protection.

Benefit Plans — The employers' share of cost for employee welfare/ benefit plans — life insurance, retirement, education, etc.

Heat, Light, Power and Water — All utility expenses incurred in the operation of the business.

Building Repairs and Maintenance — All charges for incidental repairs which keep the building in ordinarily efficient operating condition.

Leasing Expenses (Non-Occupancy) — All costs involved in leasing furniture, fixtures, machinery and office equipment, delivery equipment, etc.

Office Supplies and Postage — The cost of all materials used for the firm's accounting records.

Rent or Ownership in Real Estate — Rent is the amount paid for properties used in the business. Ownership includes current year taxes, insurance, depreciation and interest on mortgages on land and buildings used in the business.

Advertising and Promotion — Newspapers, circulars, calendars, radio and television spots, dealer's share of cooperative advertising and materials used in sales events.

Donations — All gifts given from the business operation to charity.

Telephone and Telegraph — For expenses incurred in the operation of the business.

Bad Debts — Uncollectable debts.

Delivery Expenses (Other than Wages) — All expenses incurred in the operation of delivery equipment; gas, tires, etc.

Insurance — Premiums paid to insure all assets against fire, theft, etc.

Taxes — All taxes on stock, fixtures, delivery equipment, etc.

Depreciation — All depreciation on furniture, fixtures, machinery and office equipment, delivery equipment, etc.

Credit Card Expense — Bank charges for processing credit card sales.

Interest — The amount of interest paid on borrowed money for all types of notes, loans.

Store and Shop Supplies — The costs of all supplies used in the operation of the store.

Legal and Accounting — The cost incurred for auditing, inventory count, collectors and legal consultation.

Computer Services — Any fees for outside computer services, plus all costs (excluding payroll) for establishing and maintaining a system in-house.

Dues and Subscriptions — Fees for memberships and subscriptions, and expenses for employee training.

Travel, Buying, Entertainment — All expenses incurred in business trips and the entertainment of guests.

Miscellaneous Services — All fees for services such as laundry, garbage disposal, snow removal, etc.

Unclassified — All expenses not classified under other headings.

Net Operating Profit — Return on sales before Other Income and Income Taxes, when expressed as a percent of Net Sales, indicates the percent return on each dollar of sales.

Other Income — Cash discounts earned, cash over or short, interest dividends, finance charges, commissions, tax allowances and rental and sundry income.

Net Profit (Before Income Tax) — The net return from the operation of the business.

Balance Sheet

The balance sheet is a statement of financial position at a given point in time; the Report presents year-ending balance sheets. The balance sheet equation is expressed as Assets equal Liabilities plus Net Worth.

Current Assets — Cash; notes receivable in the current year; accounts receivable (less reserve for doubtful accounts); merchandise inventories and other assets with a defined short-term life of one year — all prepaid expenses.

Investments — Assets with a long-term life such as stocks and bonds or real estate which is not needed to operate the business.

Fixed Assets — Assets with a long-term life which are needed to carry out a firm's normal business activities. The Financial Report includes only tangible assets at book value less accumulated depreciation. Included in addition to land, buildings and leasehold improvements are delivery equipment, machinery and office equipment, furniture, fixtures, etc.

Current Liabilities — All debts which are due within one year — accounts payable, current portion of notes payable, accrued payroll and other taxes, insurance, interest, etc.

Long-Term Liabilities — All debts, mortgages, and loans which mature or are due more than one year from the date of the balance sheet, deferred income taxes.

Net Worth — Total assets minus current and long-term liabilities equals net worth or the owner's equity in the business.

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Financial Ratios
The financial position of a firm is determined from a review of its financial statements — the income statement and the balance sheet. The analysis of the financial performance of a firm views the interaction of the two financial statements through the measurement of proportions within the structure of the two statements. These proportions are tested by ratio analysis.

Profit On Investment
—Computed by dividing Net Profit Before Taxes by Net Worth; expressed as a percentage.
—Measures the return on the owner's invested capital and is the modern criterion for profitability. Today's hardware retailers should program their operations to achieve a rate of Return-On-Investment of at least 15% after taxes.

Active Owner's Return
—Computed by adding Owner's Salary to Net Profit Before Taxes and then dividing by Net Worth; expressed as a percentage.
—Measures the total return to owners and is applicable to proprietorships, partnerships and small corporations. This ratio allows comparison between operators with different philosophies regarding salaries and profits.

Current Asset Ratio
—Computed by dividing Total Current Assets by Total Current Liabilities; expressed in "times".
—Measures the ability to pay short-term Debts with Assets that may be converted to cash within a period of time corresponding to the maturity of the claims. The traditionally accepted minimum is 2 to 1 or 2.0 times.

Quick Asset Ratio
—Computed by dividing Current Assets minus Inventory by Current Liabilities; expressed in "times".
—Measures the ability to pay Current Debts from Current Assets without relying on the sale of inventory. The traditionally accepted minimum is 1.0 times.

Total Debt To Tangible Net Worth
—The Leverage Ratio, computed by dividing Total Liabilities by Tangible Net Worth; expressed as a percentage.
—Measures the owner's investment in comparison to financing provided by creditors and gives an indication of a firm's ability to acquire more debt.

Stock Turn Times
—Computed by dividing Cost of Goods Sold by Average Inventory at Cost (Beginning Inventory plus Year-end Inventory divided by two); expressed in "times".
—Measures the actual physical turnover of the inventory. A low rate of inventory turnover indicates the likelihood that a portion of the book value of the inventory includes obsolete or unusable items. A high ratio indicates efficiency in buying and inventory control; however too high a ratio may indicate the loss of potential sales due to inadquate stocking. Retail hardware store operators should achieve three turns or more per year.

Sales to Inventory
—Computed by dividing Net Sales by Average Inventory; expressed in "times".
—Measures merchandising efficiency and supplements the Stock Turn ratio in determining whether proper inventory control is achieved through scheduled and balanced buying.

Average Inventory Per Sq. Ft. of Sales Area
—Computed by dividing Average Inventory by Square Feet of Sales Area; expressed in dollar value of inventory at cost.
—A rough measure of merchandising efficiency.

Net Sales to Accounts Receivable
—Computed by dividing Net Sales by Accounts Receivable; expressed in "times".
—Measures the sales tied up in accounts receivable. This ratio is the most meaningful when compared to previous years' ratios, due to individual dealer policies of granting their own credit.

Net Sales to Total Assets
—Computed by dividing Net Sales by Total Assets; expressed in "times".
—Measures the use of all Assets to produce Sales. A high ratio may indicate over-trading on assets. A low ratio may indicate excessive investment resulting in idle capacity.

Net Sales to Net Worth
—Computed by dividing Net Sales by Tangible Net Worth; expressed in "times".
—Measures the extent to which sales are supported by invested capital.

Net Sales to Working Capital
—Computed by dividing Net Sales by Working Capital (Current Assets minus Current Liabilities); expressed in "times".
—Measures the demand on working capital to support the sales volume. A high ratio may limit the firm's ability to meet day to day debts.

Sales Per Sq. Ft. — Selling Area
—Computed by dividing Net Sales by Square Feet of Sales Area; expressed in retail sales dollars.
—Measures sales productivity.

Sales Per Sq. Ft. — Total Area
—Computed by dividing Net Sales by Square Feet of Total Area including warehouse and outside storage area; expressed in retail sales dollars.
—Measures sales productivity and indicates the amount of sales generated by each square foot of the total facility.

Sales Per Person Employed
—Computed by dividing Net Sales by the Total Number of Employees; expressed in retail sales dollars.
—Measures the efficiency of personnel in producing sales and is the most useful when compared to past performance.

Sales Per Customer
—Computed by dividing Net Sales by the Total Number of Customer Transactions; expressed in retail sales dollars.
—Measures the average sale per transaction. This ratio gives an indication of the store personnel's ability to make add-on sales.

All Outlets

Income Statement Data	All Outlets	Low Profit Outlets	High Profit Outlets
Number of Outlets	291	73	74
Net Sales Volume	$1,243,862	$956,145	$1,201,331
Current Year's Sales vs. Previous Year*	+18.18%	+13.89%	+19.33%
Gross Sales	102.27%	104.87%	101.76%
Less: Total Deductions	2.27	4.87	1.76
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	73.99	74.89	72.57
Margin Before Purchase Rebate or Patronage Dividend	26.01	25.11	27.43
Purchase Rebate or Patronage Dividend	.16	.18	.22
Margin After Purchase Rebate or Patronage Dividend	26.17	25.29	27.65
Payroll and Other Employee Expense			
Salaries — Owners/Officers/Managers	3.79	3.65	4.14
Salaries/Wages — Other Employees	8.89	10.36	7.62
Federal and State Payroll Taxes	1.00	1.15	.89
Group Insurance	.59	.80	.43
Benefit Plans	.50	.26	.57
Total Payroll and Other Employee Expense	14.77	16.22	13.65
Occupancy Expense			
Heat, Light, Power, Water	.43	.48	.38
Building Repairs and Maintenance	.31	.36	.34
Rent or Ownership in Real Estate**	2.01	2.20	1.50
Total Occupancy Expense	2.75	3.04	2.22
Other Costs of Doing Business			
Office Supplies and Postage	.39	.47	.30
Advertising and Promotion	1.01	1.24	.69
Donations	.05	.05	.06
Telephone and Telegraph	.35	.54	.22
Bad Debts	.61	.62	.67
Credit Card Expense (Bank Charges)	.02	.03	.01
Delivery (Other than Wages)	.98	1.30	.81
Leasing Expenses (Non-Occupancy)	.04	.12	.02
Insurance (Other than Real Estate and Group)	.49	.52	.43
Taxes (Other than Real Estate and Payroll)	.39	.36	.64
Interest (Other than Real Estate)	1.11	2.09	.37
Depreciation (Other than Real Estate)	.71	.80	.65
Store and Shop Supplies	.21	.22	.15
Legal and Accounting	.32	.33	.24
Computer Services and Expenses (Other than Wages)	.08	.15	.02
Dues and Subscriptions	.08	.09	.08
Travel, Buying, Entertainment	.18	.22	.10
Miscellaneous Services (Laundry, Disposal, Etc.)	.09	.08	.08
Unclassified Expenses	.32	.26	.47
Total Other Costs of Doing Business	7.43	9.49	6.01
Total Operating Expenses	24.95	28.75	21.88
Operating Profit or Loss	1.22	(3.46)	5.77
Other Income	1.92	1.59	2.51
Net Operating Profit or Loss (Before Income Taxes)	3.14	(1.87)	8.28

*As reported to us by Lumber/Building Materials Financial Report contributors.

**Ownership in Real Estate includes Taxes, Insurance and Depreciation on Land and Buildings and Interest on Mortgages.

 © National Retail Hardware Association

All Outlets

Balance Sheet Data	All Outlets	Low Profit Outlets	High Profit Outlets
Total Dollar Assets	$564,483	$452,847	$558,369
		% of Total Assets	
Assets			
Cash On Hand and In Bank	6.26	2.93	11.38
Notes and Installment Contracts Receivable	1.91	2.68	2.59
Accounts Receivable	22.38	20.92	22.27
Merchandise Inventory (End of Year)	43.32	47.12	36.84
Other Current Assets	2.54	1.98	2.79
Total Current Assets	76.41	75.63	75.87
Stocks and Bonds	2.44	2.49	2.53
Real Estate (Not Used In Business)	1.30	1.90	1.56
Other Investments	2.49	1.59	2.18
Total Investments	6.23	5.98	6.27
Land (Owned and Used In Business)	2.98	2.65	4.01
Buildings (Owned and Used In Business Less Depreciation)	7.01	8.47	7.01
Leasehold Improvements (Less Amortization Allowance)	.45	1.11	(.03)
Furniture, Fixtures, Equipment (Owned and Used in Business Less Depreciation)	3.35	3.14	2.35
Delivery Equipment (Owned and Used in Business Less Depreciation)	2.71	2.74	2.88
Other Fixed Assets	.86	.28	.84
Total Fixed Assets	17.36	18.39	17.86
Total Assets	100.00%	100.00%	100.00%
Liabilities and Net Worth			
Accounts Payable	10.62	12.05	8.68
Current Portion of Notes Payable	11.58	22.43	4.65
Accrued Payroll Taxes	.62	.35	.75
Accrued Other Taxes	1.35	.99	2.12
Other Accrued Expenses	2.20	1.08	1.63
Other Current Liabilities	2.15	3.88	2.03
Total Current Liabilities	28.52	40.78	19.86
Notes Due Partners/Officers	3.81	7.16	3.61
Mortgage Payable	4.41	5.43	3.63
Long Term Debt	11.82	9.29	3.42
Other Long Term Liabilities	1.39	.61	1.26
Total Long Term Liabilities	21.43	22.49	11.92
Total Liabilities	49.95	63.27	31.78
Net Worth	50.05	36.73	68.22
Total Liabilities and Net Worth	100.00%	100.00%	100.00%
Financial Performance			
Profit on Investment	13.81%	(10.75)%	26.12%
Active Owner's Return	30.51%	10.25%	39.19%
Current Asset Ratio	2.68x	1.85x	3.82x
Quick Asset Ratio	1.16x	.70x	1.97x
Total Debt to Tangible Net Worth	99.75%	172.23%	46.59%
Stock Turn Times	3.99x	3.51x	4.47x
Sales to Inventory Ratio	5.39x	4.69x	6.16x
Average Inventory per Sq. Ft. Sales Area	$93.64	$72.84	$92.02
Net Sales to Accounts Receivable	9.84x	10.09x	9.66x
Net Sales to Total Assets	2.20x	2.11x	2.15x
Net Sales to Net Worth	4.40x	5.75x	3.15x
Net Sales to Net Working Capital	4.60x	6.06x	3.84x
Other Operating Data			
Incoming Freight — % of Purchases	.32%	.24%	.18%
Credit Sales — % of Total Gross Sales	67.60%	67.03%	69.99%
Consumer Sales — % of Total Gross Sales	55.68%	55.07%	59.10%
Selling Area — Square Feet	3,989	3,926	3,634
Sales Per Square Foot — Selling Area	$311.82	$243.54	$330.58
Total Area — Square Feet	18,550	15,762	19,068
Sales Per Square Foot — Total Area	$67.05	$60.66	$63.00
Sales Per Person Employed	$110,591	$94,858	$129,193
Sales Per Customer	$71.45	$92.64	$56.21

Sales Volume Size

Income Statement Data	Sales Under $500,000	$500,000 To $999,999	$1,000,000 To $1,999,999	Sales $2,000,000 Or More
Number of Outlets	61	93	93	44
Net Sales Volume	$354,222	$767,284	$1,384,322	$3,187,659
Current Year's Sales vs. Previous Year*	-1.78%	+12.32%	+14.13%	+29.80%
Gross Sales	101.88%	104.19%	101.66%	101.91%
Less: Total Deductions	1.88	4.19	1.66	1.91
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	69.55	73.99	73.49	75.12
Margin Before Purchase Rebate or Patronage Dividend	30.45	26.01	26.51	24.88
Purchase Rebate or Patronage Dividend	.33	.19	.15	.12
Margin After Purchase Rebate or Patronage Dividend	30.78	26.20	26.66	25.00
Payroll and Other Employee Expense				
Salaries — Owners/Officers/Managers	5.80	4.85	3.93	2.82
Salaries/Wages — Other Employees	8.68	9.33	8.60	8.95
Federal and State Payroll Taxes	1.25	1.14	1.00	.91
Group Insurance	.77	.71	.56	.52
Benefit Plans	.44	.29	.40	.70
Total Payroll and Other Employee Expense	16.94	16.32	14.49	13.90
Occupancy Expense				
Heat, Light, Power, Water	.81	.55	.48	.27
Building Repairs and Maintenance	.31	.34	.29	.32
Rent or Ownership in Real Estate**	2.91	2.16	2.49	1.37
Total Occupancy Expense	4.03	3.05	3.26	1.96
Other Costs of Doing Business				
Office Supplies and Postage	.44	.44	.43	.33
Advertising and Promotion	1.81	1.23	.96	.81
Donations	.06	.05	.04	.05
Telephone and Telegraph	.47	.35	.35	.32
Bad Debts	.41	.67	.48	.72
Credit Card Expense (Bank Charges)	.03	.03	.01	.02
Delivery (Other Than Wages)	.86	1.11	.94	.96
Leasing Expenses (Non-Occupancy)	.16	.05	.01	.06
Insurance (Other Than Real Estate and Group)	.68	.36	.55	.48
Taxes (Other Than Real Estate and Payroll)	.24	.34	.51	.34
Interest (Other Than Mortgages)	1.58	1.08	1.29	.89
Depreciation (Other than Real Estate)	1.03	.53	.83	.63
Store and Shop Supplies	.36	.27	.19	.17
Legal and Accounting	.45	.25	.34	.32
Computer Services and Expenses (Other Than Wages)	.01	.04	.08	.11
Dues and Subscriptions	.12	.08	.07	.07
Travel, Buying, Entertainment	.24	.20	.21	.13
Miscellaneous Services (Laundry, Disposal, etc.)	.04	.11	.11	.08
Unclassified Expenses	.54	.34	.40	.21
Total Other Costs of Doing Business	9.53	7.53	7.80	6.70
Total Operating Expenses	30.50	26.90	25.55	22.56
Operating Profit or Loss	.28	(.70)	1.11	2.44
Other Income	2.57	1.96	2.10	1.63
Net Operating Profit or Loss (Before Income Taxes)	2.85	1.26	3.21	4.07

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Sales Volume Size

Balance Sheet Data	Sales Under $500,000	$500,000 To $999,999	$1,000,000 To $1,999,999	Sales $2,000,000 Or More
Total Dollar Assets	$229,382	$367,041	$669,984	$1,223,383
		% of Total Assets		
Assets				
Cash On Hand and In Bank	9.98	6.74	5.43	5.95
Notes and Installment Contracts Receivable	.87	1.73	1.99	2.21
Accounts Receivable	12.98	19.23	21.08	28.34
Merchandise Inventory (End of Year)	42.56	45.87	43.40	41.75
Other Current Assets	2.38	1.80	2.99	2.53
Total Current Assets	68.77	75.37	74.89	80.78
Stocks and Bonds	3.52	3.57	1.79	2.21
Real Estate (Not Used in Business)	2.33	.98	1.12	1.43
Other Investments	2.44	1.76	4.61	.51
Total Investments	8.29	6.31	7.52	4.15
Land (Owned and Used in Business)	2.95	3.80	2.25	3.33
Buildings (Owned and Used in Business Less Depreciation)	12.07	8.51	6.46	5.40
Leasehold Improvements (Less Amortization Allowance)	1.11	.47	.26	.48
Furniture, Fixtures, Equipment (Owned and Used in Business Less Depreciation)	3.42	2.38	4.31	2.84
Delivery Equipment (Owned and Used in Business Less Depreciation)	3.18	2.32	2.90	2.62
Other Fixed Assets	.21	.84	1.41	.40
Total Fixed Assets	22.94	18.32	17.59	15.07
Total Assets	100.00%	100.00%	100.00%	100.00%
Liabilities And Net Worth				
Accounts Payable	8.36	8.67	10.73	12.32
Current Portion of Notes Payable	7.88	11.48	10.87	13.43
Accrued Payroll Taxes	.51	.89	.53	.58
Accrued Other Taxes	.76	1.31	1.31	1.57
Other Accrued Expenses	.41	1.64	2.23	2.98
Other Current Liabilities	1.25	2.69	2.14	2.05
Total Current Liabilities	19.17	26.68	27.81	32.93
Notes Due Partners/Officers	8.01	7.31	2.69	1.81
Mortgage Payable	4.82	6.93	3.29	3.98
Long Term Debt	11.21	5.31	21.30	5.14
Other Long Term Liabilities	.84	1.39	1.81	1.04
Total Long Term Liabilities	24.88	20.94	29.09	11.97
Total Liabilities	44.05	47.62	56.90	44.90
Net Worth	55.95	52.38	43.10	55.10
Total Liabilities And Net Worth	100.00%	100.00%	100.00%	100.00%
Financial Performance				
Profit on Investment	7.86%	5.02%	15.40%	19.24%
Active Owner's Return	23.88%	24.38%	34.24%	32.57%
Current Asset Ratio	3.59x	2.82x	2.69x	2.45x
Quick Asset Ratio	1.37x	1.11x	1.13x	1.19x
Total Debt to Tangible Net Worth	78.74%	90.91%	131.99%	81.44%
Stock Turn Times	2.55x	3.46x	3.80x	4.99x
Sales to Inventory Ratio	3.67x	4.68x	5.16x	6.65x
Average Inventory per Sq. Ft. Sales Area	$47.40	$70.50	$111.54	$136.25
Net Sales to Accounts Receivable	11.90x	10.87x	9.80x	9.19x
Net Sales to Total Assets	1.54x	2.09x	2.07x	2.61x
Net Sales to Net Worth	2.76x	3.99x	4.79x	4.73x
Net Sales to Net Working Capital	3.11x	4.29x	4.39x	5.44x
Other Operating Data				
Incoming Freight — % of Purchases	.32%	.11%	.70%	.09%
Credit Sales — % of Total Gross Sales	69.21%	70.13%	56.65%	74.43%
Consumer Sales — % of Total Gross Sales	74.31%	54.01%	55.67%	33.98%
Selling Area — Square Feet	3,417	3,608	4,575	4,148
Sales Per Square Foot — Selling Area	$103.66	$212.66	$302.58	$768.48
Total Area — Square Feet	12,494	18,401	21,922	19,947
Sales Per Square Foot — Total Area	$28.35	$41.70	$63.15	$159.81
Sales Per Person Employed	$80,142	$102,012	$103,097	$132,650
Sales Per Customer	$38.32	$61.41	$67.76	$98.44

Sales Floor Size

Income Statement Data	Sales Area Under 3,000 Sq. Ft.	3,000 Sq. Ft. To 4,999 Sq. Ft.	Sales Area 5,000 Sq. Ft. Or More
Number of Outlets	78	99	76
Net Sales Volume	$1,185,672	$1,163,486	$1,387,641
Current Year's Sales vs. Previous Year*	+24.23%	+14.00%	+14.85%
Gross Sales	102.10%	101.75%	102.10%
Less: Total Deductions	2.10	1.75	2.10
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	75.07	74.18	73.34
Margin Before Purchase Rebate or Patronage Dividend	24.93	25.82	26.66
Purchase Rebate or Patronage Dividend	.11	.10	.26
Margin After Purchase Rebate Or Patronage Dividend	25.04	25.92	26.92
Payroll and Other Employee Expense			
Salaries — Owners/Officers/Managers	3.28	4.55	3.85
Salaries — Other Employees	8.39	8.18	9.56
Federal and State Payroll Taxes	.93	.99	1.09
Group Insurance	.48	.55	.61
Benefit Plans	.70	.53	.41
Total Payroll and Other Employee Expense	13.78	14.80	15.52
Occupancy Expense			
Heat, Light, Power, Water	.37	.43	.51
Building Repairs and Maintenance	.32	.25	.32
Rent or Ownership in Real Estate**	1.57	2.09	2.29
Total Occupancy Expense	2.26	2.77	3.12
Other Costs of Doing Business			
Office Supplies and Postage	.37	.41	.37
Advertising and Promotion	.85	.83	1.24
Donations	.07	.03	.05
Telephone and Telegraph	.33	.31	.30
Bad Debts	.75	.61	.51
Credit Card Expense (Bank Charges)	.01	.02	.03
Delivery (Other Than Wages)	1.11	.93	.95
Leasing Expenses (Non-Occupancy)	.05	.02	.08
Insurance (Other Than Real Estate and Group)	.49	.49	.58
Taxes (Other Than Real Estate and Payroll)	.23	.29	.40
Interest (Other Than Real Estate)	1.19	.70	1.47
Depreciation (Other Than Real Estate)	.62	.68	.78
Store and Shop Supplies	.20	.21	.26
Legal and Accounting	.32	.37	.32
Computer Services and Expenses (Other Than Wages)	.05	.10	.03
Dues and Subscriptions	.08	.08	.07
Travel, Buying, Entertainment	.15	.19	.19
Miscellaneous Services (Laundry, Disposal, etc.)	.03	.07	.12
Unclassified Expenses	.33	.24	.25
Total Other Costs of Doing Business	7.23	6.58	8.00
Total Operating Expenses	23.27	24.15	26.64
Operating Profit or Loss	1.77	1.77	.28
Other Income	1.85	2.15	1.90
Net Operating Profit or Loss (Before Income Taxes)	3.62	3.92	2.18

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Sales Floor Size

Balance Sheet Data	Sales Area Under 3,000 Sq. Ft.	3,000 Sq. Ft. To 4,999 Sq. Ft.	Sales Area 5,000 Sq. Ft. Or More
Total Dollar Assets	$483,745	$514,500	$701,145
		% of Total Assets	
Assets			
Cash On Hand and In Bank	6.61	6.74	5.05
Notes and Installment Contracts Receivable	2.31	1.56	2.07
Accounts Receivable	26.51	25.14	18.30
Merchandise Inventory (End of Year)	38.51	43.82	44.57
Other Current Assets	2.40	2.34	3.47
Total Current Assets	76.34	79.60	73.46
Stocks and Bonds	2.00	2.24	2.82
Real Estate (Not Used in Business)	2.50	.34	1.89
Other Investments	1.75	2.38	3.47
Total Investments	6.25	4.96	8.18
Land (Owned and Used in Business)	3.57	2.56	2.67
Buildings (Owned and Used in Business Less Depreciation)	6.45	5.68	7.82
Leasehold Improvements (Less Depreciation)	.80	.17	.51
Furniture, Fixtures, Equipment (Owned and Used in Business Less Depreciation)	3.07	2.97	3.99
Delivery Equipment (Owned and Used in Business Less Depreciation	2.97	2.38	2.74
Other Fixed Assets	.55	1.68	.63
Total Fixed Assets	17.41	15.44	18.36
Total Assets	100.00%	100.00%	100.00%
Liabilities And Net Worth			
Accounts Payable	11.27	10.97	10.29
Current Portion of Notes Payable	14.54	7.87	12.84
Accrued Payroll Taxes	.81	.28	.90
Accrued Other Taxes	1.53	1.49	.85
Other Accrued Expenses	2.72	2.68	1.66
Other Current Liabilities	2.24	1.83	2.11
Total Current Liabilities	33.11	25.12	28.65
Notes Due Partners/Officers	5.95	2.34	3.51
Mortgage Payable	4.02	1.83	3.98
Long Term Debt	8.11	18.18	11.18
Other Long Term Liabilities	1.37	1.51	1.75
Total Long Term Liabilities	19.45	23.86	20.42
Total Liabilities	52.56	48.98	49.07
Net Worth	47.44	51.02	50.93
Total Liabilities And Net Worth	100.00%	100.00%	100.00%
Financial Performance			
Profit on Investment	18.71%	17.39%	8.47%
Active Owner's Return	35.64%	37.57%	23.44%
Current Asset Ratio	2.31x	3.17x	2.57x
Quick Asset Ratio	1.14x	1.42x	1.01x
Total Debt to Tangible Net Worth	110.78%	96.05%	96.30%
Stock Turn Times	5.02x	4.02x	3.48x
Sales to Inventory Ratio	6.68x	5.42x	4.75x
Average Inventory per Sq. Ft. Sales Area	$140.18	$109.37	$70.06
Net Sales to Accounts Receivable	9.24x	8.99x	10.82x
Net Sales to Total Assets	2.45x	2.26x	1.98x
Net Sales to Net Worth	5.17x	4.43x	3.88x
Net Sales to Net Working Capital	5.67x	4.15x	4.41x
Other Operating Data			
Incoming Freight — % of Purchases	.11%	.15%	.74%
Credit Sales — % of Total Gross Sales	73.84%	74.27%	57.98%
Consumer Sales — % of Total Gross Sales	45.74%	63.67%	56.66%
Selling Area — Square Feet	1,897	3,798	6,364
Sales Per Square Foot — Selling Area	$625.02	$306.34	$218.05
Total Area — Square Feet	13,025	19,785	23,556
Sales Per Square Foot — Total Area	$91.03	$58.81	$58.91
Sales Per Person Employed	$126,958	$113,869	$98,103
Sales Per Customer	$109.87	$69.32	$53.12

Trade Area Size

Income Statement Data	S.M.S.A. Central City	S.M.S.A. Suburban	Cities 10,000 To 50,000	Rural Areas Under 10,000
Number of Outlets	24	25	89	149
Net Sales Volume	$1,508,631	$1,101,385	$1,287,508	$1,203,236
Current Year's Sales vs. Previous Year*	+20.39%	+17.95%	+15.25%	+20.00%
Gross Sales	100.39%	104.49%	102.02%	102.50%
Less: Total Deductions	.39	4.49	2.02	2.50
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	74.40	71.33	74.17	74.13
Margin Before Purchase Rebate or Patronage Dividend	25.60	28.67	25.83	25.87
Purchase Rebate or Patronage Dividend	.08	.04	.07	.24
Margin After Purchase Rebate or Patronage Dividend	25.68	28.71	25.90	26.11
Payroll and Other Employee Expense				
Salaries — Owners/Officers/Managers	3.63	5.23	3.66	3.74
Salaries/Wages — Other Employees	8.71	8.77	9.21	8.71
Federal and State Payroll Taxes	.87	1.16	.96	1.04
Group Insurance	.31	.71	.58	.62
Benefit Plans	1.04	.38	.49	.42
Total Payroll and Other Employee Expense	14.56	16.25	14.90	14.53
Occupancy Expense				
Heat, Light, Power, Water	.35	.47	.46	43
Building Repairs and Maintenance	.29	.41	.31	.30
Rent or Ownership in Real Estate**	1.77	1.69	2.46	1.80
Total Occupancy Expense	2.41	2.57	3.23	2.53
Other Costs of Doing Business				
Advertising and Promotion	.82	1.46	.99	.98
Insurance (Other Than Real Estate or Group)	.55	.31	.45	55
Taxes (Other Than Real Estate or Payroll)	.31	.62	.35	.41
Interest (Other Than Real Estate)	.64	.42	1.19	1.25
Depreciation (Other Than Real Estate)	.78	.73	.54	.77
All Other Expenses	3.37	5.12	3.34	3.84
Total Other Costs of Doing Business	6.47	8.66	6.86	7.80
Total Operating Expenses	23.44	27.48	24.99	24.86
Operating Profit or Loss	2.24	1.23	.91	1.25
Other Income	2.29	1.89	2.02	1.81
Net Operating Profit or Loss (Before Income Taxes)	4.53	3.12	2.93	3.06
Financial Performance				
Profit on Investment	17.37%	11.11%	14.53%	13.32%
Active Owner's Return	31.33%	29.72%	32.70%	29.62%
Current Asset Ratio	3.12x	3.55x	2.67x	2.55x
Quick Asset Ratio	1.65x	1.61x	1.18x	1.05x
Total Debt to Tangible Net Worth	61.36%	55.56%	132.31%	96.76%
Stock Turn Times	5.25x	4.11x	4.07x	3.76x
Sales to Inventory Ratio	7.05x	5.76x	5.48x	5.08x
Average Inventory per Sq. Ft. Sales Area	$78.32	$167.75	$163.67	$72.45
Net Sales to Accounts Receivable	10.79x	9.61x	9.26x	10.07x
Net Sales to Total Assets	2.38x	2.29x	2.14x	2.21x
Net Sales to Net Worth	3.84x	3.56x	4.97x	4.36x
Net Sales to Net Working Capital	4.74x	4.15x	4.49x	4.72x
Other Operating Data				
Incoming Freight — % of Purchases	.16%	.11%	.55%	.21%
Credit Sales — % of Total Gross Sales	73.66%	74.06%	61.21%	69.71%
Consumer Sales — % of Total Gross Sales	30.35%	42.79%	58.23%	60.46%
Selling Area — Square Feet	3,527	2,782	4,398	3,988
Sales Per Square Foot — Selling Area	$427.73	$395.90	$292.75	$301.71
Total Area — Square Feet	15,886	16,024	13,443	22,258
Sales Per Square Foot — Total Area	$94.97	$68.73	$95.78	$54.06
Sales Per Person Employed	$142,312	$111,430	$105,166	$109,558
Sales Per Customer	$79.40	$44.54	$79.15	$72.96

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Outlet Location

Income Statement Data	Downtown	Suburban	Rural
Number of Outlets	108	130	43
Net Sales Volume	$1,030,758	$1,288,573	$1,727,794
Current Year's Sales vs. Previous Year*	+16.36%	+18.29%	+22.17%
Gross Sales	101.45%	102.65%	102.79%
Less: Total Deductions	1.45	2.65	2.79
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	73.36	74.18	74.35
Margin Before Purchase Rebate or Patronage Dividend	26.64	25.82	25.65
Purchase Rebate or Patronage Dividend	.13	.13	.22
Margin After Purchase Rebate or Patronage Dividend	26.77	25.95	25.87
Payroll and Other Employee Expense			
Salaries — Owners/Officers/Managers	4.06	3.76	3.49
Salaries/Wages — Other Employees	9.39	8.55	8.99
Federal and State Payroll Taxes	1.00	.96	1.10
Group Insurance	.59	.53	.68
Benefit Plans	.39	.58	.42
Total Payroll and Other Employee Expense	15.43	14.38	14.68
Occupancy Expense			
Heat, Light, Power, Water	.47	.45	.32
Building Repairs and Maintenance	34	.26	.37
Rent or Ownership in Real Estate**	1.93	2.25	1.55
Total Occupancy Expense	2.74	2.96	2.24
Other Costs of Doing Business			
Advertising and Promotion	1.18	.91	.93
Insurance (Other Than Real Estate and Group)	.46	.51	.51
Taxes (Other Than Real Estate and Payroll)	.38	.47	.27
Interest (Other Than Real Estate)	1.07	1.07	1.21
Depreciation (Other Than Real Estate)	.69	.65	.79
All Other Expenses	3.57	3.70	4.00
Total Other Costs of Doing Business	7.35	7.31	7.71
Total Operating Expenses	25.52	24.65	24.63
Operating Profit or Loss	1.25	1.30	1.24
Other Income	2.07	1.90	1.77
Net Operating Profit or Loss (Before Income Taxes)	3.32	3.20	3.01
Financial Performance			
Profit on Investment	13.17%	14.82%	14.35%
Active Owner's Return	29.26%	32.23%	30.95%
Current Asset Ratio	2.80x	2.75x	2.34x
Quick Asset Ratio	1.17x	1.24x	.98x
Total Debt to Tangible Net Worth	82.98%	108.48%	108.02%
Stock Turn Times	3.99x	4.04x	3.93x
Sales to Inventory Ratio	5.44x	5.45x	5.28x
Average Inventory per Sq. Ft. Sales Area	$94.14	$90.60	$107.38
Net Sales to Accounts Receivable	11.87x	9.10x	9.03x
Net Sales to Total Assets	2.17x	2.22x	2.29x
Net Sales to Net Worth	3.97x	4.63x	4.76x
Net Sales to Net Working Capital	4.66x	4.48x	5.00x
Other Operating Data			
Incoming Freight — % of Purchases	.60%	.17%	.16%
Credit Sales — % Total Gross Sales	63.46%	66.75%	75.57%
Consumer Sales — % of Total Gross Sales	60.23%	52.94%	51.53%
Selling Area — Square Feet	4,241	3,791	3,906
Sales Per Square Foot — Selling Area	$243.05	$339.90	$442.34
Total Area — Square Feet	17,215	20,230	18,680
Sales Per Square Foot — Total Area	$59.88	$63.70	$92.49
Sales Per Person Employed	$106,361	$116,651	$105,449
Sales Per Customer	$48.19	$99.98	$79.01

*As reported to us by Lumber/Building Materials Financial Report contributors.

**Ownership in Real Estate includes Taxes, Insurance and Depreciation on Land and Buildings and Interest on Mortgages.

Number of Outlets

Balance Sheet Data	Single Outlet Business	2 To 4 Outlets	5 To 10 Outlets	11 Outlets Or More
Number of Outlets	145	47	50	49
Net Sales Volume	$1,393,628	$1,233,685	$1,104,653	$952,489
Current Year's Sales vs. Previous Year*	+20.48%	+12.72%	+28.40%	+6.33%
Gross Sales	102.19%	$101.89%	104.74%	100.14%
Less: Total Deductions	2.19	1.89	4.74	.14
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	73.86	74.58	74.85	72.75
Margin Before Purchase Rebate or Patronage Dividend	26.14	25.42	25.15	27.25
Purchase Rebate or Patronage Dividend	.19	.23	.08	— —
Margin After Purchase Rebate or Patronage Dividend	26.33	25.65	25.23	27.25
Payroll and Other Employee Expense				
Salaries — Owners/Officers/Managers	3.91	3.30	4.05	3.59
Salaries/Wages — Other Employees	8.51	9.35	9.20	9.65
Federal and State Payroll Taxes	.92	1.13	1.08	1.11
Group Insurance	.49	.67	.69	.77
Benefit Plans	.60	.53	.36	.17
Total Payroll and Other Employee Expense	14.43	14.98	15.38	15.29
Occupancy Expense				
Heat, Light, Power, Water	.42	.42	.37	.60
Building Repairs and Maintenance	.29	.27	.41	.32
Rent or Ownership in Real Estate**	1.69	2.34	1.72	3.29
Total Occupancy Expense	2.40	3.03	2.50	4.21
Other Costs of Doing Business				
Advertising and Promotion	.96	.98	1.08	1.16
Insurance (Other Than Real Estate or Group)	.58	.38	.34	.42
Taxes (Other Than Real Estate or Payroll)	.50	.19	.30	.32
Interest (Other Than Real Estate)	.95	1.64	1.15	1.08
Depreciation (Other Than Real Estate)	.75	.88	.49	.56
All Other Expenses	3.73	3.74	3.86	3.46
Total Other Costs of Doing Business	7.47	7.81	7.22	7.00
Total Operating Expenses	24.30	25.82	25.10	26.50
Operating Profit or Loss	2.03	(.17)	.13	.75
Other Income	1.91	1.85	1.64	2.38
Net Operating Profit or Loss (Before Income Taxes)	3.94	1.68	1.77	3.13
Financial Performance				
Profit on Investment	14.82%	9.86%	9.43%	17.38%
Active Owner's Return	29.56%	29.29%	31.08%	37.28%
Current Asset Ratio	3.18x	2.10x	1.97x	2.68x
Quick Asset Ratio	1.48x	.84x	.77x	1.02x
Total Debt to Tangible Net Worth	71.31%	168.48%	113.47%	183.80%
Stock Turn Times	4.04x	3.98x	4.43x	3.38x
Sales to Inventory Ratio	5.47x	5.34x	5.91x	4.64x
Average Inventory Per Sq. Ft. Sales Area	$64.40	$123.11	$486.62	$710.28
Net Sales to Accounts Receivable	9.85x	9.71x	10.49x	9.31x
Net Sales to Total Assets	2.20x	2.19x	2.51x	1.95x
Net Sales to Net Worth	3.77x	5.89x	5.35x	5.55x
Net Sales to Net Working Capital	4.12x	5.77x	6.85x	4.06x
Other Operating Data				
Incoming Freight — % of Purchases	.26%	.22%	— —%	1.09%
Credit Sales — % of Total Gross Sales	65.98%	70.34%	79.00%	56.24%
Consumer Sales — % of Total Gross Sales	54.63%	48.07%	46.40%	74.69%
Selling Area — Square Feet	3,875	4,585	2,564	4,490
Sales per Square Foot — Selling Area	$359.65	$269.07	$430.83	$212.14
Total Area — Square Feet	20,368	25,016	10,645	11,837
Sales per Square Foot — Total Area	$68.42	$49.32	$103.77	$80.47
Sales per Person Employed	$117,565	$105,468	$114,829	$89,239
Sales per Customer	$63.41	$82.20	$226.02	$65.18

*As reported to us by Lumber/Building Materials Financial Report contributors.

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Outlet Orientation

Income Statement Data	Contractor Oriented	Consumer Oriented
Number of Outlets	113	162
Net Sales Volume	$1,689,085	$935,247
Current Year's Sales vs. Previous Year*	+25.90%	+10.05%
Gross Sales	102.49%	$101.92%
Less: Total Deductions	2.49	1.92
Net Sales	100.00%	100.00%
Cost of Goods Sold	75.37	72.60
Margin Before Purchase Rebate or Patronage Dividend	24.63	27.40
Purchase Rebate or Patronage Dividend	.13	.17
Margin After Purchase Rebate or Patronage Dividend	24.76	27.57
Payroll and Other Employee Expense		
Salaries — Owners/Officers/Managers	3.57	4.28
Salaries/Wages — Other Employees	8.50	9.12
Federal and State Payroll Taxes	.93	1.08
Group Insurance	.51	.69
Benefit Plans	.65	.36
Total Payroll and Other Employee Expense	14.16	15.53
Occupancy Expense		
Heat, Light, Power, Water	.35	.53
Building Repairs and Maintenance	.33	.28
Rent or Ownership in Real Estate**	1.67	2.43
Total Occupancy Expense	2.35	3.24
Other Costs of Doing Business		
Advertising and Promotion	.84	1.20
Insurance (Other Than Real Estate or Group)	.51	.48
Taxes (Other Than Real Estate or Payroll)	.32	.32
Interest (Other Than Real Estate)	1.05	1.14
Depreciation (Other Than Real Estate)	.67	.72
All Other Expenses	3.82	3.64
Total Other Costs of Doing Business	7.21	7.50
Total Operating Expenses	23.72	26.27
Operating Profit or Loss	1.04	1.30
Other Income	1.81	2.03
Net Operating Profit or Loss (Before Income Taxes)	2.85	3.33
Financial Performance		
Profit on Investment	13.41%	13.59%
Active Owner's Return	30.20%	31.02%
Current Asset Ratio	2.37x	3.07x
Quick Asset Ratio	1.11x	1.21x
Total Debt to Tangible Net Worth	93.25%	104.21%
Stock Turn Times	4.79x	3.29x
Sales to Inventory Ratio	6.36x	4.53x
Average Inventory Per Sq. Ft. Sales Area	$105.80	$86.72
Net Sales to Accounts Receivable	9.44x	10.17x
Net Sales to Total Assets	2.43x	2.00x
Net Sales to Net Worth	4.70x	4.08x
Net Sales to Net Working Capital	5.51x	3.86x
Other Operating Data		
Incoming Freight — % of Purchases	.12%	.55%
Credit Sales — % of Total Gross Sales	75.78%	58.29%
Consumer Sales — % of Total Gross Sales	32.66%	71.74%
Selling Area — Square Feet	3,621	4,283
Sales per Square Foot — Selling Area	$466.47	$218.36
Total Area — Square Feet	17,138	19,655
Sales per Square Foot — Total Area	$98.56	$47.58
Sales per Person Employed	$125,901	$97,383
Sales per Customer	$101.07	$51.69

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Strategic Profit Model

The Strategic Profit Model can be an excellent management tool for lumber/buiding materials retailers. The Model combines the principal elements of a firm's operating statement and balance sheet into a single profit planning equation, evaluating operating performance on the most important criteria — Return on Net Worth.

The Strategic Profit Model clearly identifies, through the use of financial ratio analysis, the three major operational areas that determine the rate of return on net worth; profit margin, asset turnover and leverage.

Several elements that can be controlled by management to improve the level of operational performance are:

Profit Margin

Sales — Increase sales through better displays and advertising, more promotions, addition of new lines, etc.

Cost of Goods Sold — Improve Gross Margin through variable pricing, efficient buying, etc.

Expenses — Trimming expenses is difficult in view of today's high inflation, labor costs, occupancy expense, etc., however, carefully review each item of expense for areas of cost savings.

Other Income — Take advantage of cash discounts, earnings from revolving or installment credit programs and other investments such as stock ownership.

Asset Turnover

Inventory — Decrease inventory level through a careful review of the levels of all items, trim slow moving items, eliminate obsolete items.

Accounts Receivable — Review status of accounts; if excessively high without the use of a finance charge, customers are operating on the firm's money.

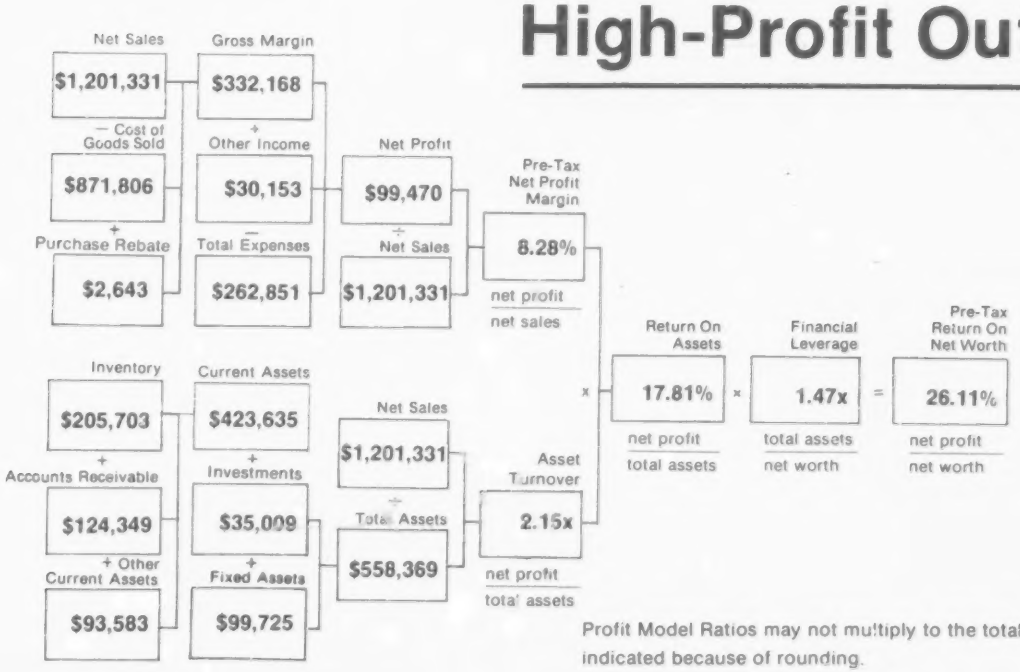
Fixed Assets — Divide Net Sales by Fixed Assets, a substantially lower than industry average ratio, indicates excessive investments resulting in idle capacity.

Leverage

The amount of borrowed funds has a number of major implications 1) creditors look to owner supplied funds to provide a margin of safety; 2) by raising funds through debt, owners gain the benefit of maintaining control of the firm with a limited investment and 3) if the firm earns more on borrowed funds than it pays in interest, return to owners is magnified.

Presented below is the Strategic Profit Model for the High Profit Outlets category. Retailers interested in improving their performance should carefully review this model, as it represents the level of excellence achieved by industry leaders.

High-Profit Outlets



Profit Model Ratios may not multiply to the totals indicated because of rounding.

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Departmental Sales

The Departmental Sales section of the Financial Report offers a variety of information for fourteen major departments carried in the hardline industry's retail outlets.

Departmental Contributions
Shown for each department are the percent of firms handling, the share of net sales, sales floor space, inventory, cost of goods sold and dollar productivity per square foot of sales area. These data are for **Handling Firms Only.** All outlets participating in the survey that do not carry a certain department were not included in the computation of the average data for that department.

As an example to help understand the meaning of the **Handling Firms Only** data, suppose the Lawn and Garden Department in the Financial Report shows 90% of the reporting outlets have a Lawn and Garden Department. The data shown for the Lawn and Garden Department are only for the 90% of the outlets who carry Lawn and Garden Equipment. Thus, **Handling Firms Only** data enable an operator to compare a specific department's data with the average of other operators who also carry that department.

The Financial Report also presents an **Average Outlet Profile.** This profile shows data for outlets handling all departments and allows a comparison of the relationships among departments within a single operation.

But what of an outlet that does not carry all the major departments? How can the relationships of only carried departments be compared to a total store industry average? The necessary data are contained in the Report — only a simple computation is required.

First, for each department carried, add the industry average percent of Net Sales. The sum of these percentages is then divided into each individual departmental percent. The resulting percentages are the **Average Outlet Profile** for a lumber/building material outlet carrying only these departments.

As an example, a lumber/building material outlet carries only four departments — Hardware, Hand Tools, Paint and Home Decorating and Lumber/Building Materials.

Assume The Financial Report indicates percent of Net Sales for handling firms for each department to be:

Hardware	15.0%
Hand Tools	10.0%
Paint & Home Decorating	20.0%
Lumber/Building Materials	65.0%

The total of these percents equals 110.0. Now divide the total (110.0%) into each of the individual department's percent:

Hardware $\frac{15.0}{110.0} = 13.6\%$

Hand Tools $\frac{10.0}{110.0} = 9.1\%$

Paint & Home Decorating $\frac{20.0}{110.0} = 18.2\%$

Lumber/Building Materials $\frac{65.0}{110.0} = 59.1\%$

The resulting percentages' total should equal 100.0% and are the **Average Outlet Profile** for an outlet handling only Hardware, Hand and Power Tools, Paint and Home Decorating, and Lumber/Building Materials. This same procedure can be followed to determine the Average Outlet Profile for the percent of sales floor space, inventory and cost of goods sold.

Productivity
There are a number of ways in which to evaluate departmental performance including margin, turnover, sales productivity and margin contribution. The table presented on the following page, examines these departmental evaluation criteria.

The first evaluative measure is departmental gross margin.

On the basis of margin alone, the following departments would be considered high performing departments: hardware, electrical supplies, and automotive supplies. Margin evaluations alone would indicate sporting goods and outdoor equipment to be below average performance.

An additional measure is the sales to inventory ratio. On the basis of this ratio alone, lumber and building materials highly exceed all the other department averages.

An excellent way for lumber/building material outlet operators to evaluate departmental performance is through the concept of gross margin return on inventory investment or GMROI. GMROI considers both margin and turnover. GMROI is computed by taking the margin percentage times the sales to inventory ratio. Below, GMROI is expressed as an index. Lawn and Garden's GMROI, for example, is 1.14 which means $1.14 in margin is returned for each $1.00 invested in lawn and garden inventory. GMROI of 1.14 is computed by taking margin (30.0%) times the sales to inventory ratio (3.8x), (30.0% x 3.8 x = 1.14). Resultant GMROI figures give lumber/building material outlet operators ways to measure departmental performance across diverse merchandise lines. Traditionally high margin, low turnover departments may be compared with traditional low margin, high turnover departments.

An additional evaluative measure shown on the next page is sales per square foot of sales area. Individual outlet operators may utilize other evaluations such as profit on sales or return on investment by department. Nearly all departmental evaluation methods rely on some type of inventory control system enabling operators to measure sales and purchases at least at the departmental level.

Departmental Contribution

Department	Handling Firms Only: % Handling	% of Net Sales*	% of Sales Floor	% of Inventory	% of Cost of Goods Sold	$ Sales Per Sq. Ft. Sales Area	Average Store Profile: % of Net Sales	% of Sales Floor	% of Inventory	% of Cost of Goods Sold
Hardware	100.0	9.6	18.5	10.5	7.4	162.07	9.6	18.5	10.5	7.4
Hand Tools	75.4	3.5	8.1	3.9	3.0	134.79	2.3	5.5	2.7	1.9
Power Tools & Accessories	67.4	3.0	7.5	2.8	2.6	125.14	1.8	4.6	1.8	1.5
Plumbing, Heating and Cooling	82.3	6.6	9.3	6.6	5.1	222.30	4.7	6.2	5.0	3.6
Electrical Supplies	80.9	4.2	7.4	4.7	3.2	176.09	3.0	5.4	3.5	2.2
Paint & Home Decorating	93.0	7.7	14.3	8.9	7.1	168.93	6.3	12.1	7.8	5.6
Lumber	100.0	32.5	12.7	29.6	32.6	796.75	32.5	12.7	29.6	32.6
Building Materials	100.0	32.7	25.1	30.2	37.1	405.29	32.7	25.1	30.2	37.1
Lawn & Garden	49.3	3.5	6.2	5.0	3.8	173.68	1.5	2.8	2.3	1.6
Housewares	19.5	2.0	4.0	3.1	1.4	156.68	.4	.7	.6	.3
Automotive Supplies	10.7	1.1	3.0	1.9	1.6	112.92	.1	.3	.2	.2
Major Appliances & Home Entertainment	24.7	3.9	10.8	4.0	3.5	112.87	.7	2.5	.9	.9
Sporting Goods & Outdoor Living	14.4	1.9	3.5	1.4	2.0	162.96	.3	.5	.2	.3
Miscellaneous Goods	60.5	7.8	5.6	8.2	9.2	434.53	4.1	3.1	4.7	4.8
							100.0	100.0	100.0	100.0

*Includes inside sales area only.

Productivity

Department	Typical Store Profile: Gross Margin %	Sales To Inventory Ratio	GMROI
Hardware	32.9	3.4x	1.12
Hand Tools	31.4	3.6x	1.12
Power Tools & Accessories	28.3	4.0x	1.13
Plumbing, Heating & Cooling	27.5	3.6x	.99
Electrical Supplies	33.2	3.3x	1.10
Paint & Home Decorating	31.6	3.8x	1.21
Lumber	25.4	6.5x	1.65
Building Materials	27.4	6.1x	1.66
Lawn & Garden	30.0	3.8x	1.14
Housewares	23.9	2.3x	.54
Automotive Supplies	33.2	2.1x	.71
Major Appliances & Home Entertainment	25.5	4.1x	1.04
Sporting Goods & Outdoor Living	21.5	3.9x	.83
Miscellaneous Goods	28.3	4.4x	1.25

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New Outlet Data

To determine the feasibility of a new consumer-oriented lumber/building material outlet, four distinct planning phases are required:

—Preliminary Financial Analysis
—Market Analysis
—Formal Financial Analysis
—Development of Store Image

Phase I

As the ultimate criterion of feasibility for a proposed lumber/building materials outlet will be profitability, the planning process should begin with a preliminary financial analysis.

The investment required for a new retail outlet can range between $25 to $60 per square foot, depending on locality, size, occupancy position and personal preferences.

Based on the desired size of the operation, utilize the industry operating averages presented in NRHA's Lumber/Building Materials Financial Report to estimate sales volumes, gross margins, salaries and other cost of doing business to project Net Profits and Return on Investment for the proposed operation. An important fact to remember is there is a direct correlation between the square feet of sales area, average dollar inventory and the attainable sales volumes.

If the preliminary financial analysis meets predetermined individual requirements in attainable salary levels, Net Profit and Return on Investment, the second phase of planning may be initiated.

Phase II

Site Location

The market area to be served by the proposed lumber/building materials operation will be primarily determined by the selected site location. Nine major aspects of varying importance determine the worth of a given retail lumber/building materials outlet store location. These aspects are listed below.

Shopping Pull — Businesses in the area which would help draw consumers to the area.

Parking Facilities — Adequate parking requires two to two and a half square feet of parking area for every square foot of selling area.

Walk-In Traffic
Traffic Count and Patterns
Accessibility
Visibility
Congestion
Shopping Ease — The ability for the consumer to get out of the store from the point of check-out to his or her auto with a large item.

Ingress and Egress — The ease with which customers can drive to or from the street to the parking area.

To select the best location, each prospective site should be assessed on the nine aspects to determine overall worth as a retail location. A subjective analysis of all aspects for each potential site available combined with an analysis of the cost for property and improvements will provide the basis for selecting the prime site location(s) for further analysis.

Primary Trade Area

After the selections of site(s), for the purpose of analysis it is necessary to bring the market area to be served to manageable proportions. Therefore a Primary Trade Area for the selected site location must be defined. The Primary Trade Area represents the geographical boundaries from which the majority of do-it-yourself consumer business for the proposed operation will be derived. These geographical boundries of the Primary Trade Area are affected by many variables. The most influencing variables are the proposed operation's size and merchandise mix, number of consuming residents required to support the operation, driving time to site location, the proximity of retail activity concentrations and natural or manmade barriers.

Size — The ability to draw consumers from a distance to a retail outlet is directly related to the size of the display area and the number, depth and breadth of departmental lines carried.

Driving Time — Typically a 2,500 square foot store can draw consumers within a 5 to 10 minutes driving time, a 5,000 square foot store drawing within 10 to 15 minutes driving time.

Other Retail Stores — Proximity to highly active retail areas helps to share the burden of drawing consumers to the area for shopping purposes.

Barriers — Barriers affecting accessibility to selected site location can dramatically alter the boundries of the Primary Trade Area.

The feasibility of a new outlet store within a given Primary Trade Area is dependent on two major factors, the demographic characteristics of the consumers and the number and strength of the competitors.

Consumer Analysis

From past NRHA research it has been learned that demographic variables relating to population growth rate, income levels and incidence of owner-occupied housing are the most critical variables in predicting a consumers' propensity to spend on hardlines.

Population Growth Rate — A favorable environment for a new lumber/building materials outlet requires that the Primary Trade Area experience a minimum of .5 percent annual increase in population.

Income Levels — Consumers with middle to upper-middle income have the greatest propensity to purchase hardlines, lumber and building materials.

Type of Housing — Consumers who own their own homes will spend more per year for hardlines, lumber and building materials than renters, mobile home or condominium owners.

Competitive Analysis

Although within a given Primary Trade Area, consumer demographic variables may indicate a healthy environment for a new outlet, feasibility for the proposed operation cannot be determined without an analysis of the competition.

Depending on merchandise mix, primary hardlines sales represent approximately 70 to 80 percent of the total sales volume for an average consumer-oriented lumber/building material outlet. Primary hardlines include: hardware, tools, electrical, and plumbing. As the primary hardlines and lumber/building materials represent the substantial majority of sales for an outlet, an analysis to determine the feasibility of a new outlet should focus on these lines.

Retail outlets which carry competitive lines and would be likely to be shopped by Primary Trade Area residents should be visited and assessed. These retail outlets include all hardware stores, home centers, lumber/building materials outlets, mass merchandisers, discount stores, variety and drug stores and specialty stores.

The retail competitors should be delineated by location and preferably spotted on a map. All competitive departmental lines should be assessed on a rating scale. A scale of 1 to 5 has been utilized with a rating of 1 indicating that the retailer offers a minimal selection of items and a 5 indicating an excellent departmental offering in both depth and breadth of line.

In this illustration the lawn/garden and paint departments are offered in depth by several strong competitors, indicating a possible market saturation in these lines. Plumbing has a fewer number of competitors carrying, and no competitor offers a strong plumbing departmental presentation. The hardware, tools and electrical departments have many competitors, but only a few strong competitors.

To be a consumer-oriented lumber/building material outlet, the merchandise mix must include all primary hardlines plus lumber and building materials. However, due to the competitive structure of the Primary Trade Area and surrounding Market Area, strategic market thrust can be obtained by offering above average selections in departmental lines that are in poor supply.

In the illustration, based on the competitive situation and desired store image, the proposed operation should plan the following merchandise mix: Hardware — average to above average; Hand Tools — average; Plumbing — above average; Plumbing — above average; Lawn/Garden — below average-heavy seasonal promotion only; Paint — average to below average; Paint Sundries — average to below average; Lumber, Building Materials — average to above average.

Illustration	Hdwe.	Too's	Elec.	Plbg.	Lawn/ Gdn.	Paint	Sun- dries	Lmbr.	Bldg. Matl.
Site Area									
Variety Store	1	1	2	1	3	2	1		
Drug Store			1		1				
Downtown									
Home Center	5	4	5	4	4	5	5	5	3
Paint Store						5	2		
Auto Supplies		1	1						
East									
Hardware Store	4	3	4	2	5	3	3		
K-Mart	4	5	3	3	5	5	4	3	2
Lumber Outlet	2	1	2	2	1	3	3		
South									
Sears	4	5	4	4	5	5	4		2
Penney	3	4	3	3	4	4	3		
Sherwin Williams					5	5			
Super Drugs	2	1	2	2	3	2	1		
Total	25	25	27	21	36	39	26	8	7
# Of Competitors	8	9	10	8	10	10	9	2	3

Phase III

If the analysis indicates a positive environment in both the consumer and competitive characteristics of the Primary Trade Area, a formal financial analysis should then be developed. Unlike the preliminary analysis, this analysis should include the actual cost of land, building fixtures and equipment to determine the total investment required.

The analysis should also include a pro-forma income statement to estimate the profits (losses) for the first three years of operation. Wherever possible actual operating expenses should be utilized — rent, taxes, utilities, etc. For those expense items that cannot be determined, NRHA's Lumber/Building Materials Financial Report will provide guidelines for estimation. Dependent on the projected profit (losses), total capital requirements including working capital will be determined.

One very important factor to remember is that a typical new outlet will take three years to reach maximum productivity and efficiency or what is termed "outlet maturity". Therefore do not be overly optimistic on setting performance goals.

Phase IV

Through a combined analysis of all planning phases, the consumer outlet image is developed.

Owner's Economic Constraints
Customer Identification
Posture of Major Competitors
will determine
Size of Facility
Merchandise Mix
Service Level
Price Statement
will determine
Store Layout, Design and Decor
which relays
Consumer Store Image

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P.O Box 4459
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(406) 442-1590

Mountain States Hardware and Implement Association
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1380 Carr St.
Lakewood, CO 80215
(303) 233-2101

New England Hardware Dealers Association
Leonard J. Palmisano
Lakeside Office Park, Door #10
599 North Ave.
Wakefield, MA 01880
(617) 246-1510

New York State Retail Hardware Association
Larry Bowser
6500 Joy Road
East Syracuse, NY 13057
(315) 437-7318

Ohio Hardware Association
Joe B. Bailey, Jr.
1540 W. Fifth Ave., (43212)
P.O. Box 1828
Columbus, OH 43216
(614) 486-5278

Pacific Northwest Hardware and Implement Association
Mac Smith
333 S.W. Fifth Ave.
Room 606
Portland, OR 97204
(503) 226-1641

Pennsylvania and Atlantic Seaboard Hardware Association
J. Wayne Tisdale
949 East Park Dr.
Harrisburg, PA 17111
(717) 564-7011

Southern Association
R.L. Ricker
2111 Smith St.
Orange Park, FL 32073
(904) 264-7525

Southwest Hardware and Implement Association
R.B. Allen
4629 Mark IV Parkway
Ft. Worth, TX 76106
(817) 625-5562

Hardware Association of the Virginias
Leonard Holdren
1906 N. Hamilton St.
Richmond, VA 23230
(804) 358-6511

Western Retail Implement and Hardware Association
J. Keith Melvin
638 W. 39th St. (64111)
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Kansas City, MO 64141
(816) 561-5323

Wisconsin Retail Hardware Association
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Stevens Point, WI 54481
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